



# **Village of Bensenville Water & Sewer Rate Study**

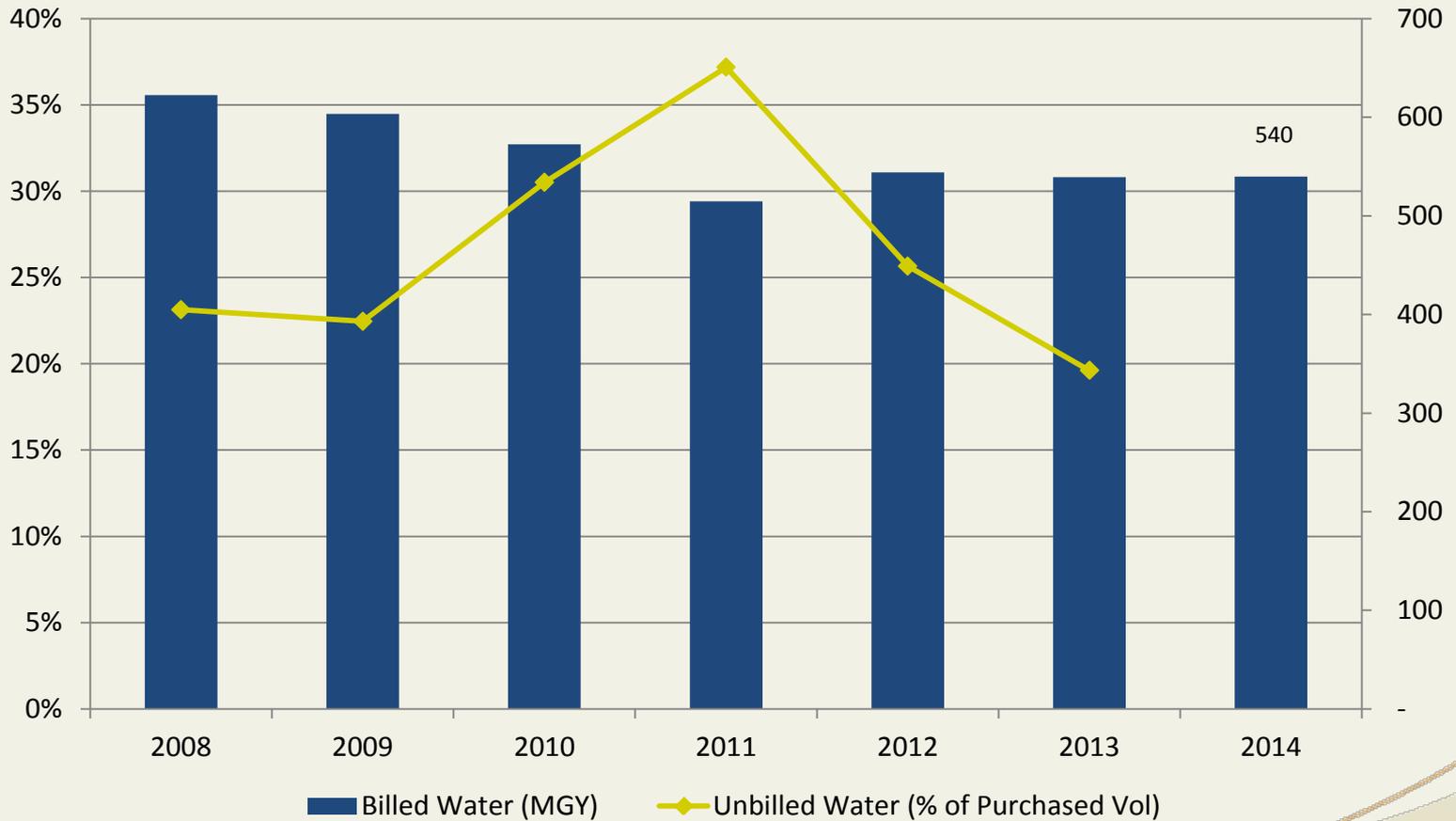
**Presentation by  
Baxter & Woodman, Inc.  
June 17, 2014**

# Goals of the Rate Study

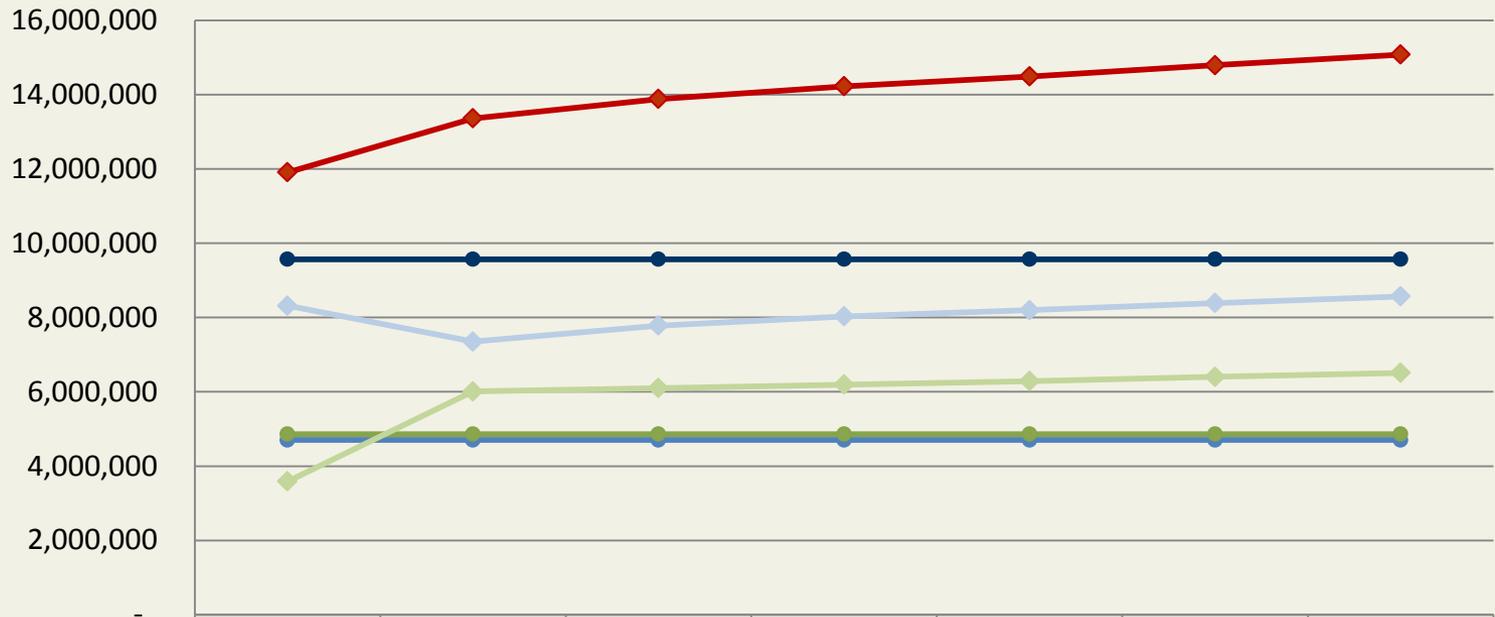
- 1. Analyze current water usage trends as well as unbilled water percentages.**
- 2. Prepare 5-year projection of water & sewer expenses (inclusive of Village 5-year Capital Improvement Plan).**
- 3. Review debt service obligations and replacement/rehabilitation needs.**
- 4. Prepare 5-year projection of water & sewer revenues to meet expenses.**
- 5. Recommend a system of equitable water & sewer rates to meet revenue requirements for the next 5 years.**

# Water Usage Analysis:

## Village Water Usage



# Revenue & Expense Projections

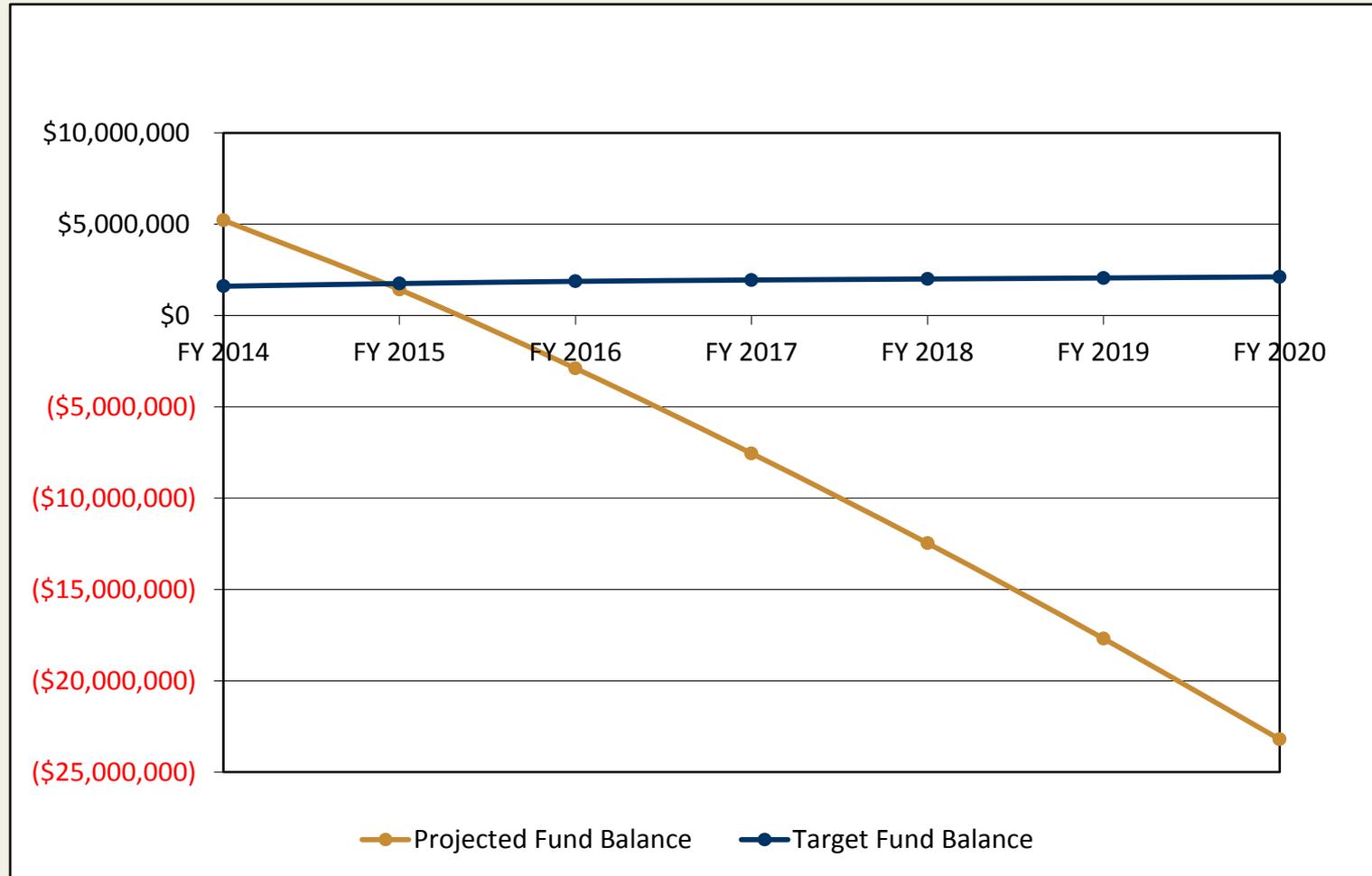


	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Water Revenue	4,705,429	4,705,429	4,705,429	4,705,429	4,705,429	4,705,429	4,705,429
Water Expenses	8,317,230	7,352,338	7,782,915	8,029,337	8,197,532	8,388,191	8,569,199
Sewer Revenue	4,863,230	4,863,230	4,863,230	4,863,230	4,863,230	4,863,230	4,863,230
Sewer Expenses	3,589,685	6,009,428	6,099,805	6,193,939	6,288,913	6,404,453	6,508,338
Combined Revenue	9,568,659	9,568,659	9,568,659	9,568,659	9,568,659	9,568,659	9,568,659
Combined Expenses	11,906,915	13,361,765	13,882,720	14,223,276	14,486,444	14,792,644	15,077,536

# Increases in Cost of Purchased Water

Year	City of Chicago Wholesale Water Rate (per 1,000 gal)	DuPage Water Commission Wholesale Water Rate (per 1,000 gal)	Change from Previous Year (per 1,000 gal)	% Increase
2011	\$2.005	\$2.30		
2012	\$2.51	\$2.99	\$0.69	30%
2013	\$2.89	\$3.59	\$0.60	20%
2014	\$3.32	\$4.24	\$0.65	18%
2015	\$3.82	\$4.96	\$0.72	17%
<b>Total Increase 2011 - 2015:</b>			<b>\$2.66</b>	

# Projected Fund Balance - Baseline



# Current Water & Sewer Rates

Item	As of May 1, 2013
<b>Water Monthly Fixed Charges</b>	
5/8-inch meter	\$ 2.28
1-inch meter	\$ 7.66
1.5-inch meter	\$ 15.16
2-inch meter	\$ 24.30
3-inch meter	\$ 45.65
4-inch meter	\$ 76.14
6-inch meter	\$152.13
<b>Water Usage Rates per 1,000 gallons</b>	
0 – 10,000 gallons	\$ 5.38
> 10,000 gallons	\$ 6.19
Capital Recovery Fee	\$ 2.23

Item	As of May 1, 2013
<b>Sewer Monthly Fixed Charges</b>	
5/8-inch meter	\$ 4.53
1-inch meter	\$ 15.06
1.5-inch meter	\$ 30.32
2-inch meter	\$ 48.46
3-inch meter	\$ 90.75
4-inch meter	\$151.19
6-inch meter	\$302.60
<b>Sewer Usage Rates per 1,000 gallons</b>	
0 – 10,000 gallons	\$ 4.25
> 10,000 gallons	\$ 4.89
Capital Recovery Fee	\$ 2.41

Unincorporated users of the system pay an additional \$19.39 monthly capital recovery fee.

For senior citizens within the corporate boundaries, a \$1.54 monthly discount off their final bill is offered.

# Water & Sewer Fund Challenges

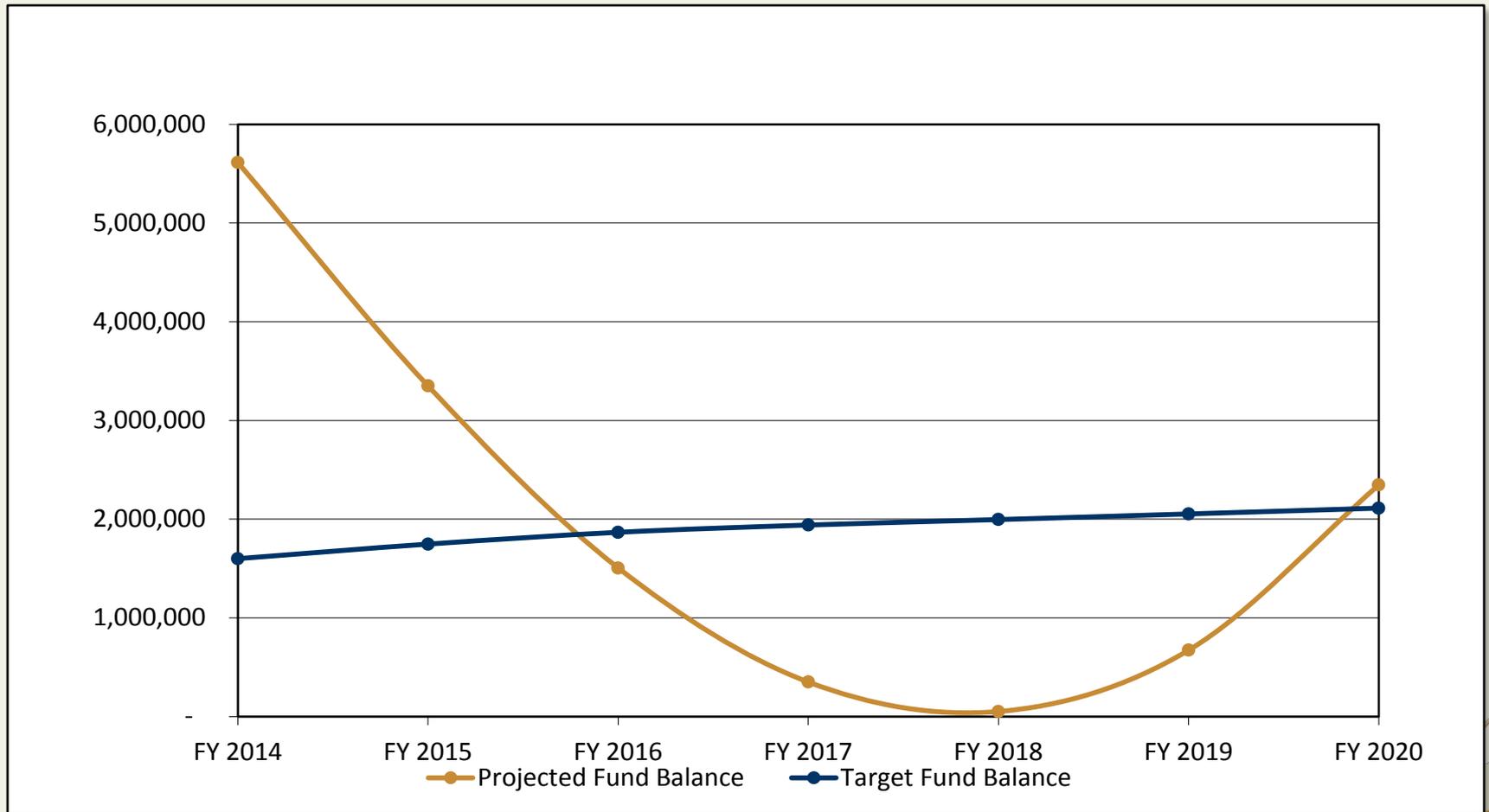
1. Bond proceeds have been used to offset increases in water purchase costs. *This is not sustainable.*
2. Current system revenues cannot support expenses, resulting in an annual budget deficit.
3. Debt service fees for the WWTP loan will begin in 2015, widening the gap between expenses and revenue.
4. There is no reliable and sufficient revenue source for funding of system improvements in unincorporated areas.

# Approaches to Rate Increases

- 1. Increase fees by a constant amount over the 5 year study period.**
- 2. Institute a larger initial increase, followed by smaller annual increases over the 5 year study period.**
- 3. Introduce a one time rate increase at the beginning of the 5 year period with no future increases.**

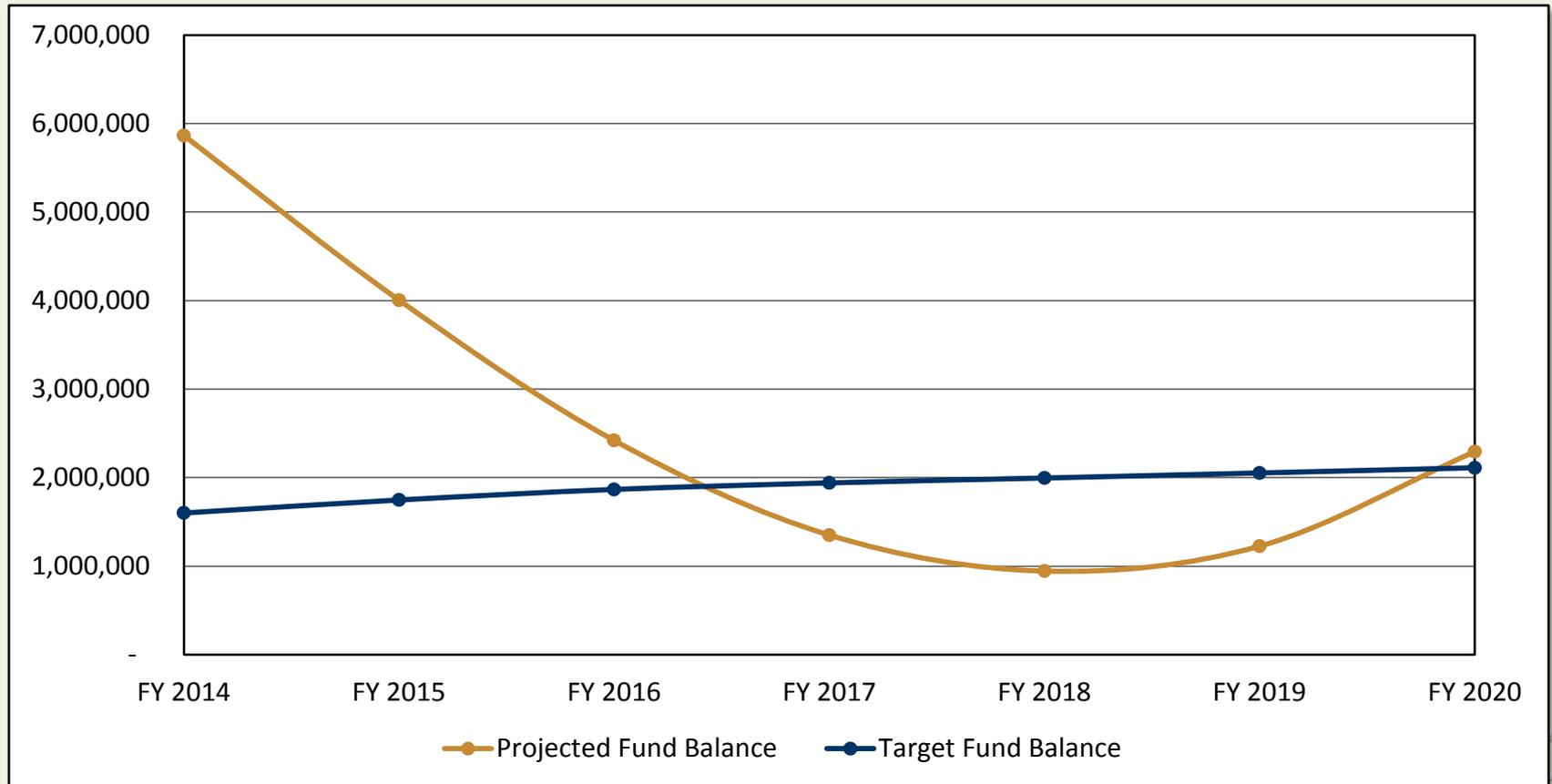
# Scenario 1:

Increase fees by a constant amount (9.2%) over the 5 year study period.



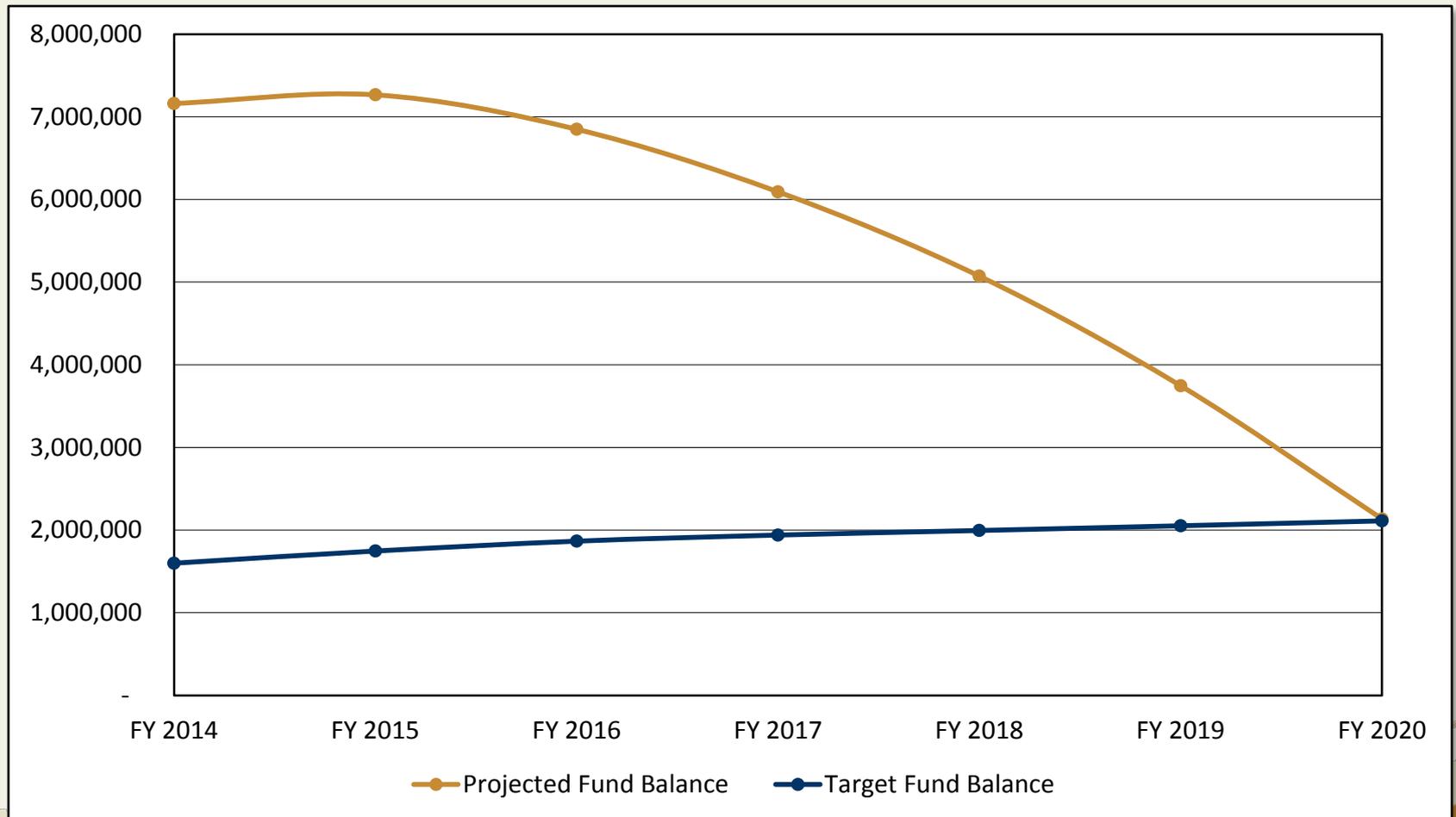
# Scenario 2:

Institute a larger initial increase (15%), followed by smaller annual increases (7.5%) over the 5 year study period.



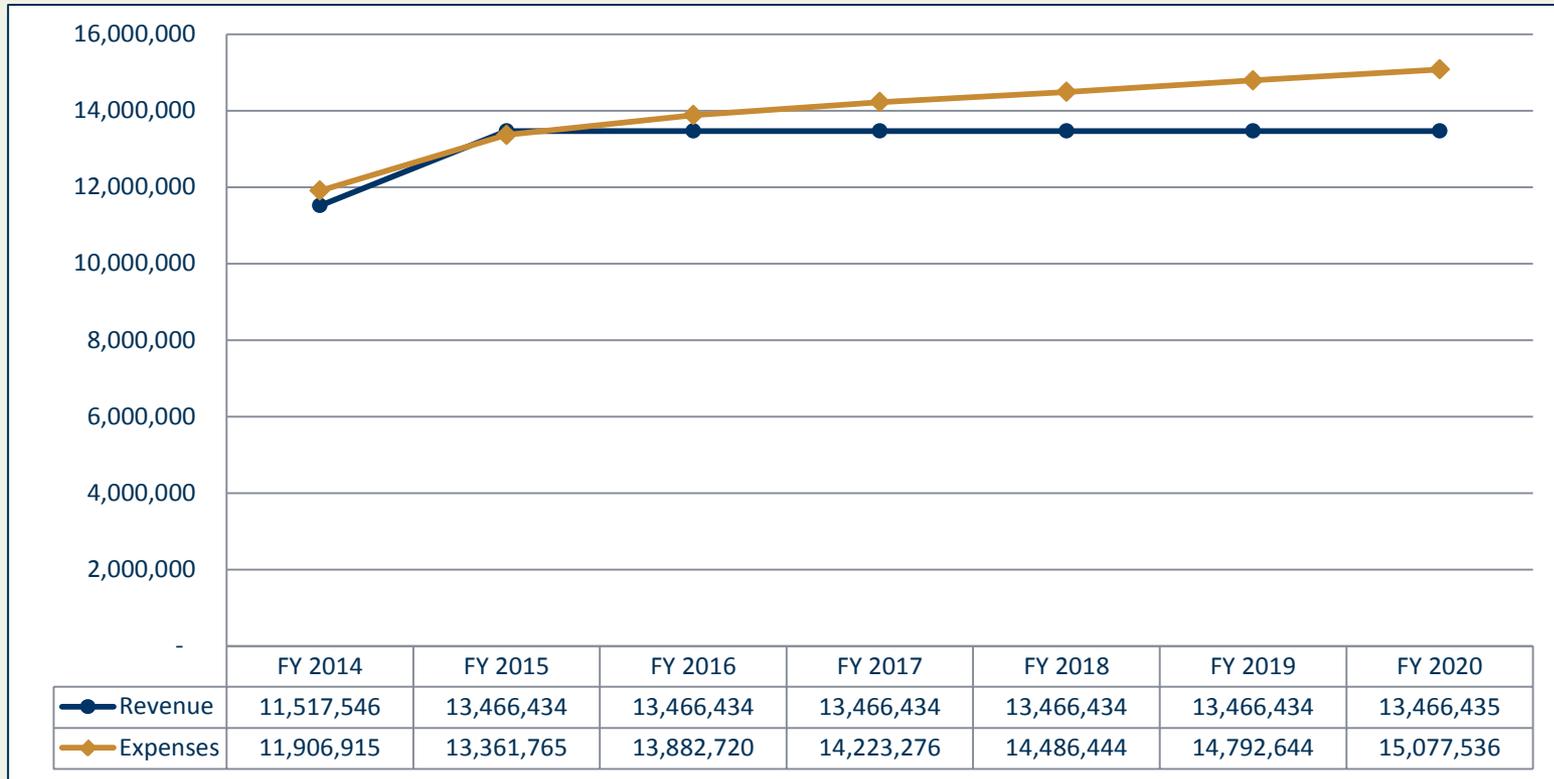
# Scenario 3:

Introduce a one time rate increase (44.7%) at the beginning of the 5 year period with no future increases.



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# Funding of improvements in unincorporated areas

1. **Eliminate \$19.39 monthly capital fee**
2. **Form a Special Service Area to upgrade systems to Village standards**
3. **Increase unincorporated rates to 150% of standard rates**

# Impacts to Users

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Low Senior Usage (2,000 gal/month)</b>								
Scenario 1	\$32	\$36	\$39	\$43	\$47	\$52	\$57	\$62
Scenario 2	\$32	\$38	\$41	\$44	\$47	\$51	\$55	\$60
Scenario 3	\$32	\$48	\$48	\$48	\$48	\$48	\$48	\$48
<b>Avg. Residential Usage (6,000 gal/month)</b>								
Scenario 1	\$92	\$101	\$110	\$120	\$131	\$143	\$157	\$171
Scenario 2	\$92	\$106	\$114	\$123	\$132	\$142	\$153	\$164
Scenario 3	\$92	\$134	\$134	\$134	\$134	\$134	\$134	\$134
<b>Avg. Unincorporated Residential Usage (6,000 gal/month)</b>								
Scenario 1	\$112	\$151	\$165	\$180	\$197	\$215	\$235	\$257
Scenario 2	\$112	\$159	\$171	\$184	\$198	\$213	\$229	\$246
Scenario 3	\$112	\$201	\$201	\$201	\$201	\$201	\$201	\$201
<b>Avg. Non-Residential Usage (29,000 gal/month)</b>								
Scenario 1	\$487	\$532	\$580	\$634	\$692	\$756	\$825	\$901
Scenario 2	\$487	\$560	\$602	\$647	\$695	\$747	\$803	\$864
Scenario 3	\$487	\$705	\$705	\$705	\$705	\$705	\$705	\$705

# Implementation Plan

- 1. Adopt proposed rate increases effective July 1, 2014 with annual increases on January 1 of each of the following years.**
- 2. Concurrent with annual budget process, compare actual and projected financials.**
- 3. Use rate analysis template to adjust future rate increases if necessary.**

## Final Thoughts...

**“Water utilities are businesses. If run and financed well, they become invisible wonders providing excellent service. If not, they become very visible sources of trouble for a community.”**

***-- On Tap Magazine***

# Questions?

***Thank you for your business!***