ADMINISTRATION & FINANCE COMMITTEE

Meeting Minutes - May 16, 2024

Draft Approved

CALL TO ORDER - 4:30pm

CALL TO ORDER

ROLL CALL

Committee	**Staff**
Trustee Liddle (as Chair)	Village Manager May
Mayor Gunter	Assistant Manager Parker
Clerk Szymski	Gov Service Director Mielcarski
Trustee Guzzo	Deputy Clerk Richards
Trustee Barker	Community Dev Director Hennerfeind
Trustee Brady	HR Director Brainerd
Trustee Simonovich	Communications Director McIntyre
Trustee Nero	PW Director Ries
	Interim Finance Director Narducci
GUESTS:	Executive Director Forssberg
Tom Beckley, Raftelis	Deputy Police Chief Thompson
	Deputy Liquor Commissioner Mulhearn
	Water Supervisor Beusse
	Finance Cashier Supervisor Buh
	Deputy Fire Chief Frank
	Fire Chief Riley
	IT/Johannpeter(booth)

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS - None

APPROVAL OF MINUTES

A. The April 4, 2024 Administration & Finance Committee meeting minutes were approved by a Trustee Motion and seconded by a Trustee.

UNFINISHED BUSINESS

A. Downtown Zoning Parking Fee in Lieu - Assistant Village Manager Parker presented on the Cash in Lieu practice of allowing downtown businesses to pay into a fund instead of having a certain amount of available parking spaces. The review of the Municipal Code sections:

- "If a variance is granted for the off-street parking requirements contained in subsections (b) and/or (c) above, and as a presumed condition of such variance, the petitioner shall pay to the village a fee in lieu of providing required off-street parking in the amount of $5,000.00 for each off-street parking space for which a variance was granted."

- "All fees in lieu of off-street parking received by the village shall be placed into a parking fund established by the village and shall be used by the village to acquire property for public parking, to construct new public parking facilities, and/or to make improvements to existing public parking facilities to serve the B-1 district."

Staff would like the Board to consider eliminating a $5,000 parking space variance fee from its zoning code to make it more developer-friendly. Developers have been requesting waivers for the fee, and staff believes it would be simpler to strike it from the books entirely. The board is asked to confirm that there are no objections to this change before moving forward. The board agreed and the Assistant Village Manager stated this change would be part of the zoning rewrite.

B. Garage Sales - Director Mielcarski reviewed the current practice for garage sales. COVID19 changes removed the $5.00 fee and the registration of a sale. The reason the code lists these requirements was to make sure people were not trying to run a store out of their garage. In the two years we have not required fees or registration there have been no issues.

- Questions about the registration processes, Manager May believes we might need an online registration confirming the understanding of the rules.
- Mayor Gunter prefers garage sale problems to be complaint driven.
- The board approved removing the $5.00 fee for a permit, the item will appear on the next agenda.

C. Water Rate Adjustments - Tom Beckley of Raftelis presented (see attached) on the financial & practical matters of the Water Rate Study. Discussion of the fixed rate designs and fairest way to accomplish the water infrastructure needs. The discussion focuses on various aspects related to water rates and potential solutions to address the issue. The need to increase capital spending and the potential impact on water rates are discussed. Borrowing more to achieve financial goals is mentioned, along with working with village staff to explore various scenarios. The speaker highlights the importance of considering different options for commercial and unresidential properties and the potential consequences of implementing certain measures.

As mentioned earlier,t for several years no rate adjustments were made, except for volume fixed charges. In fiscal year 2023, a 2% rate increase only applied to the volume part of the revenue requirement, while the fixed charge remained at $5 per bill. Compared to other utilities, Westmont's rates have increased by 9% from 2019 to the present, while national averages have seen a 27% increase. Construction costs have risen by nearly 46% during the same period.

Water purchases from DuPage Water Commission account for approximately 65% of Westmont's operation and maintenance expenses. Future DuPage water rate increases are not included in the current financial plan and will be addressed separately when they occur. The retirement portion of the operating expenses is included in the financial plan. The capital finance plan aims to replace 1% of water mains each year, which would mean replacing the entire pipe system in the village once every 100 years.

Manager May asked the Board to consider what they wanted to move forward with on tonight's Board agenda. Trustee Nero suggested that we postpone tonight to only have to raise once. AVM Parker stated that even if we do nothing the regular automatic pass through rate will still move forward. Trustee Liddle stated that we will have this small increase and put off anything larger until we all understand it better. Trustee Barker asked that the information on the Capital Plans be included such as full time firefighters, fire station rebuild and such so that a decision can be made with all the information on the various bonds.

Mr Bentley reminded everyone that the goal was to have the water service pay for itself so that it did not impact any capital projects.

NEW BUSINESS - None

REPORTS No Reports -

MISCELLANEOUS

ADJOURN Meeting adjourned at 5:53 p.m. Motion by Trustee Simonovich and a second by Trustee Guzzo.

(next meeting is scheduled for July 25, 2024)

RAFTELIS

Village of Westmont

Water Rate Study

May 16, 2024

Rate Study Process

- **Financial Plan:** How much revenue is needed overall?

- **Rate Design:** What is the best way to recover that revenue from different types of customers?

Financial Plan

Process

Time Horizon – FY 2025 to CY 2033

1. Project Revenues
2. Operating Costs
3. Capital Financing Plan
4. Revenue Adjustments for Financial Sustainability
5. Alternative Scenario Analysis

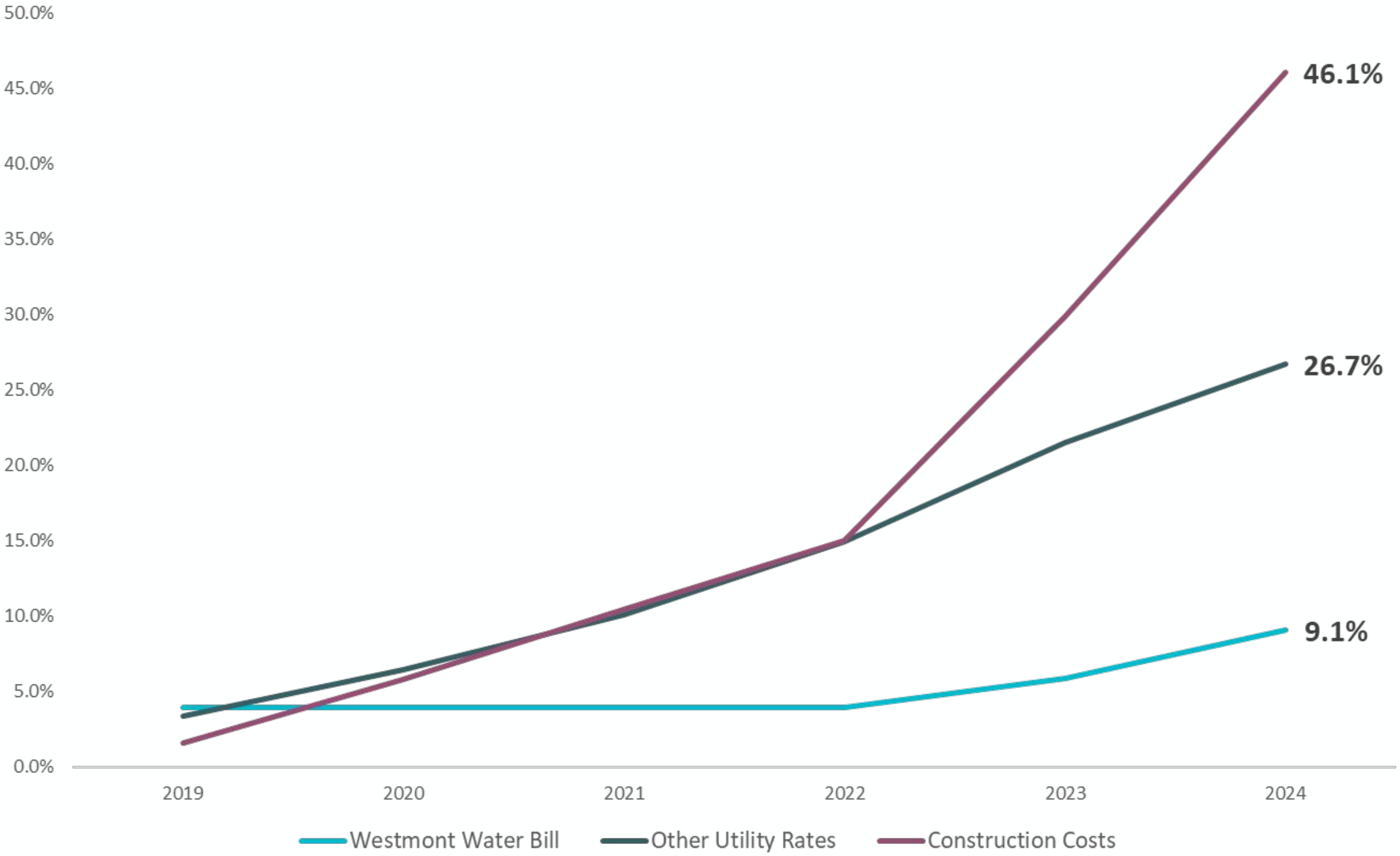
Financial Plan

Rate History

Description	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Cumulative
Village Rates								
Fixed Charge	$ 5.00	$ 5.00	$ 5.00	$ 5.00	$ 5.00	$ 5.00	$ 5.00	
Increase		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Res. Volume Rate	$ 10.18	$ 10.61	$ 10.61	$ 10.61	$ 10.61	$ 10.82	$ 11.17	
Increase		4.2%	0.0%	0.0%	0.0%	2.0%	3.2%	9.7%
Change In Median Bill		3.9%	0.0%	0.0%	0.0%	1.9%	3.0%	9.1%
Inflation Indices								
CPI-Utilities		3.4%	2.9%	3.4%	4.4%	5.7%	4.3%	26.7%
Handy-Whitman		1.6%	4.1%	4.3%	4.2%	12.9%	12.5%	46.1%

Financial Plan

Rate History



Financial Plan

Operating Costs – 2024 Onward

1. 2023 actual expenses serve as starting point for forecast.
   I. Estimated inflation factors applied to future years – average of 5.4% per year.

2. Water purchases from DuPage Water Commission (DWC) account for about 65% of Village O&M.
   a) Current rate is $5.39 per thousand gallons.
   b) FY 2025 rate of $5.58 is accounted for in proposed rates in this presentation.
   c) Future DWC rate increases ***are not*** included in rates.
      i. Additional future cost increases from DWC would require additional rate increases on top of those presented here.

Financial Plan

Capital Projects (Current Year Dollars)

1. Watermain Replacements
   a) Nine specific projects already identified from 2024 through 2029.
   b) Utility is targeting a 1% replacement rate by 2029, requiring about $4 million per year.
2. Water Tower Projects
   a) New North Tower
   b) Replacement of Central Tower
   c) Coating of South Tower
3. Other Projects
   a) Meter replacement program
   b) Lead service line replacements
   c) Water plant improvements (SCADA, pumps, generator)
   d) Regular vehicle replacements

Financial Plan

Capital Improvement Financing – Recommended Scenario

1. Rate funded capital
   a) Funding for some identified watermain projects and full replacement program in the future
   b) Regular ongoing projects – vehicles, meters, lead lines, etc.
   c) Target of $7.7 million per year (future year dollars)
2. IEPA Loan
   a) Funding for North Water Tower.
      i. 20 years, 1.81%
      ii. Includes $1.65 million principal forgiveness
3. Revenue Bonds
   a) 20 years, 4.0%
   b) ~$6.8 million in FY 2025, ~$3.3 million in CY 2026, ~$10.4 million in CY 2028.
   c) Some watermain projects, Central Water Tower replacement, Emergency Generator, High Service pump replacement.

Financial Plan

Rate Forecast – Recommended Scenario

1. Village will complete the capital plan and reach target of 1% watermain replacement cash funding.
2. Utilizes moderate mix of cash and bonds.

Year	Revenue Increase
FY 2025	20.0%
CY 2025	14.0%
CY 2026	14.0%
CY 2027	14.0%
CY 2028	6.0%
CY 2029	6.0%
CY 2030	6.0%
CY 2031	6.0%
CY 2032	6.0%
CY 2033	6.0%

Financial Plan

Expense Detail– Recommended Scenario

Description		FY 2024		CY 2028 Recommended
Expenses				
Village O&M	$	2,883,949	$	3,361,263
Water Purchases		4,185,948		4,333,505
Existing Debt Service		561,170		552,845
Proposed Debt Service		-		1,431,466
Rate Funded Capital		3,377,367		4,930,093
Total		**11,008,434**		**14,609,172**
Use of Reserves	**$**	**(2,880,404)**	**$**	**(45,520)**

Financial Plan

Rate Forecast – Alternative Scenario

1. Village will complete the capital plan but will ***not*** reach target cash funding within the study period.
2. Higher level of bond funding required to complete capital plan.
   a) $41 million of revenue bonds, compared to $20 million.
3. Cash funding only reaches $2.2 million per year in 2028.

Year	Revenue Increase
FY 2025	20.0%
CY 2025	7.0%
CY 2026	7.0%
CY 2027	7.0%
CY 2028	8.5%
CY 2029	8.5%
CY 2030	8.5%
CY 2031	8.5%
CY 2032	8.5%
CY 2033	8.5%

Financial Plan

Expense Detail– Both Scenarios

Description		FY 2024		CY 2028 Recommended		CY 2028 Alternative
Expenses						
Village O&M	$	2,883,949	$	3,361,263	$	3,361,263
Water Purchases		4,185,948		4,333,505		4,333,505
Existing Debt Service		561,170		552,845		552,845
Proposed Debt Service		-		1,431,466		1,847,081
Rate Funded Capital		3,377,367		4,930,093		2,200,000
Total		**11,008,434**		**14,609,172**		**12,294,694**
Use of Reserves	**$**	**(2,880,404)**	**$**	**(45,520)**	**$**	**(102,241)**

Financial Plan

Capital Financing Plan Comparison

Description	Recommended		Alternative	
CIP Amount	$	74.4	$	74.4
IEPA	$	6.4	$	6.4
Cash		47.5		27.3
Bonds		20.5		40.8
Total Interest	$	10.2	$	18.2

Rate Design

Rate Objective Exercise

Objective	Essential	Very Important	Important	Least Important
Affordability	4	2	0	0
Conservation/Demand Management	3	2	0	1
Cost of Service Allocations	2	2	1	0
Sustainability	2	1	3	0
Ease of Implementation	1	0	1	3
Economic Development	1	0	3	1
Equitable Contributions from New Customers	1	2	0	1
Minimization of Customer Impacts	1	3	2	0
Rate Stability	1	2	2	1
Revenue Stability	1	2	2	0
Simple to Understand and Update	1	2	3	0

Rate Design

Process

Overall Objective: Align costs with users based on demand.

Key Topics:

1. Monthly/Bi-Monthly Fixed Charge
2. Volumetric Rates

Rate Design

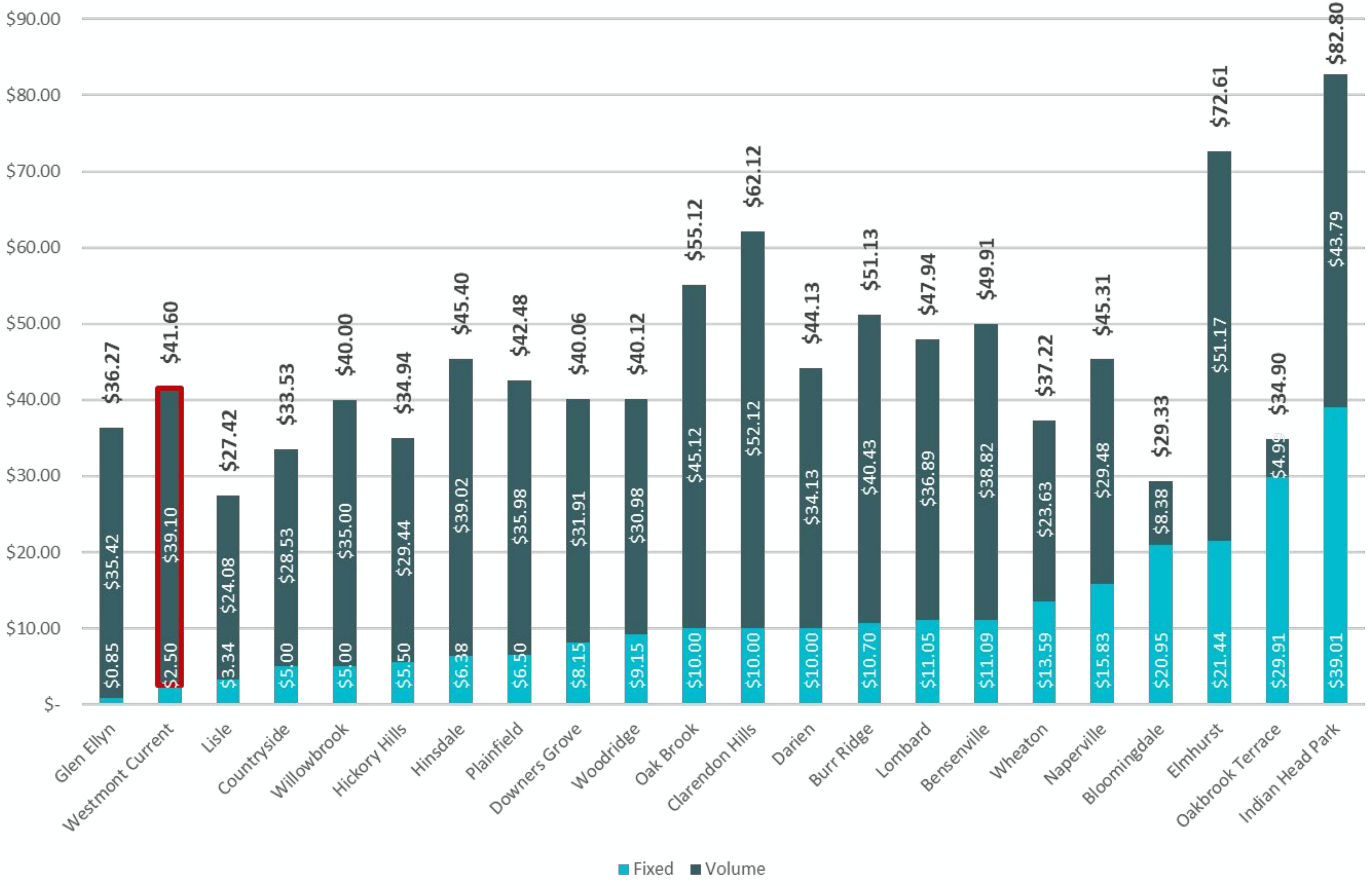
Current Rates

- Billing Frequency
  - Residential customers billed bi-monthly
  - Commercial customers billed monthly
- Fixed Charge
  - $5 per billing period
  - Currently generates about 3% of revenue
- Volumetric Charges
  - Residential customers pay $11.17 per 1,000 gallons
  - Commercial customers pay $12.17 per 1,000 gallons

Rate Design

Fixed Charge Recommendations

- The Village should increase fixed charges and adopt a meter size based fixed rate structure.
- Recognize cost of providing service 24/7/365, even when no water is used.
- Improve revenue stability.



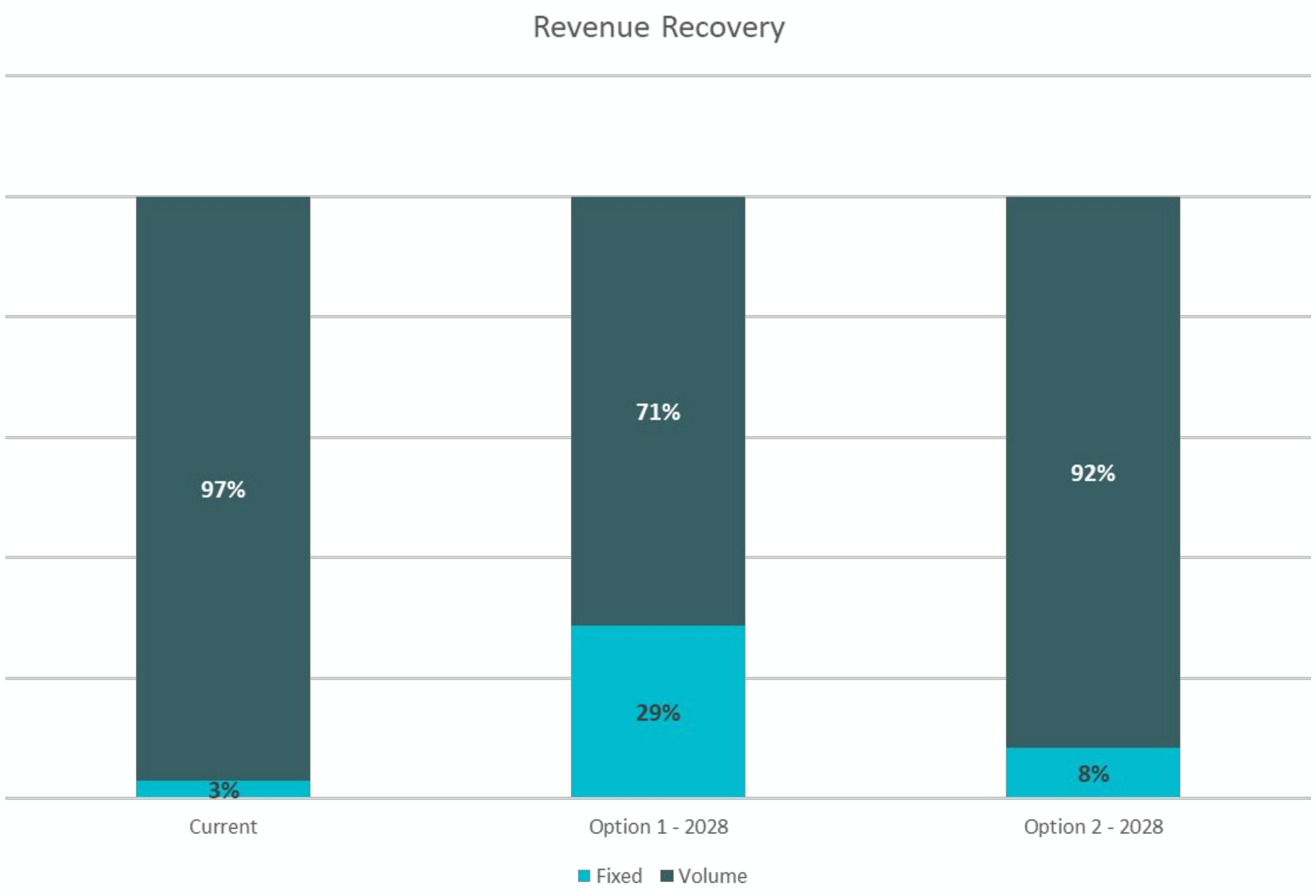
- Residential 5/8” Meter, 3,500 gallons per month.

Rate Design

Fixed Charge Options

- Option 1 – Adjust all fixed charges based on cost of service.
  - $16.65 per bi-monthly bill for 5/8” meter in FY 2025.

- Option 2 – Limited increase on residential meters.
  - $12.00 per bi-monthly 5/8” bill in FY 2025
  - Requires higher volumetric rates.



Rate Design

Fixed Charge Schedule
Recommended Financial Plan

Description	FY 2024 Current	CY 2028 Option 1	CY 2028 Option 2
Monthly Fixed Charge			
5/8"	$ 5.00	$ 37.71	$ 9.44
3/4"	5.00	50.47	9.44
1"	5.00	76.01	9.44
1 1/2"	5.00	139.79	47.12
2"	5.00	216.34	75.40
3"	5.00	420.46	150.78
4"	5.00	650.15	235.58
6"	5.00	1,288.04	471.14
Bi-Monthly Fixed Charge			
5/8"	$ 5.00	$ 63.23	$ 18.88
3/4"	5.00	88.75	18.88
1"	5.00	139.79	18.88
1 1/2"	5.00	267.38	94.24
2"	5.00	420.46	150.80
3"	5.00	828.74	301.56
4"	5.00	1,288.04	471.16
6"	5.00	2,563.91	942.28

Rate Design

Volume Charge Recommendations

- The Village should adopt an inclining block rate structure.
  - Additional units above block cutoff pay a higher rate than units below cutoff.
- Commercial volume rate in between Block 1 and Block 2 residential rates.

- Advantages:
  - Encourages conservation
  - Reduces impact on lower usage customers
- Disadvantages:
  - Additional complexity
  - Potential revenue instability

Rate Design

Volume Charge Schedule – Recommended Financial Plan

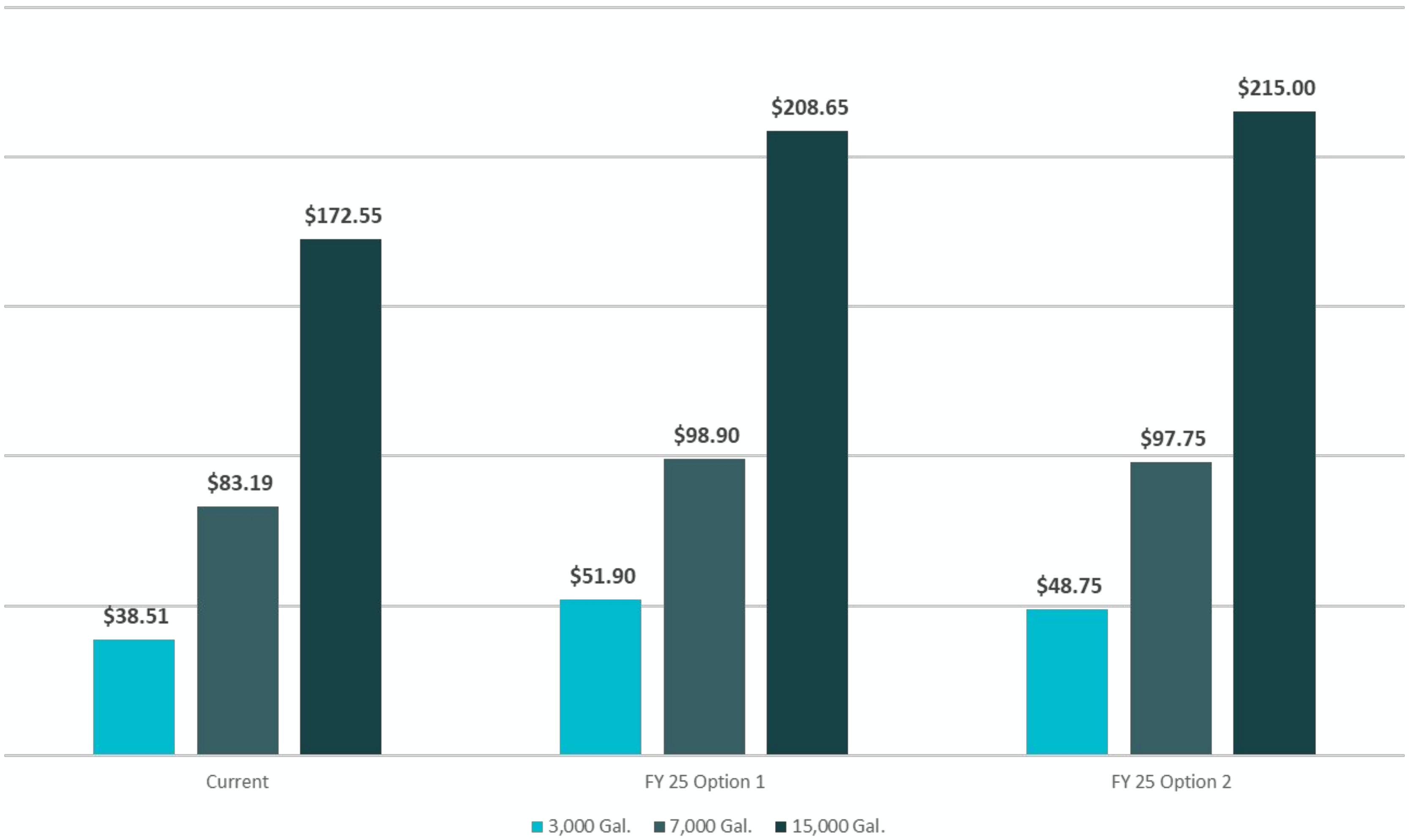
Description	FY 2024 Current	CY 2028 Option 1	CY 2028 Option 2
Residential			
Less than 16 kgal	$ 11.17	$ 14.13	$ 18.00
16 kgal and above	11.17	24.73	31.47
Commercial	$ 12.17	$ 15.70	$ 21.62

FY 2025 Bill Impacts

Residential Bi-monthly Bills – Recommended and Alternative Financial Plans

- The monthly impact on a median residential customer is $7.85 under Option 1.

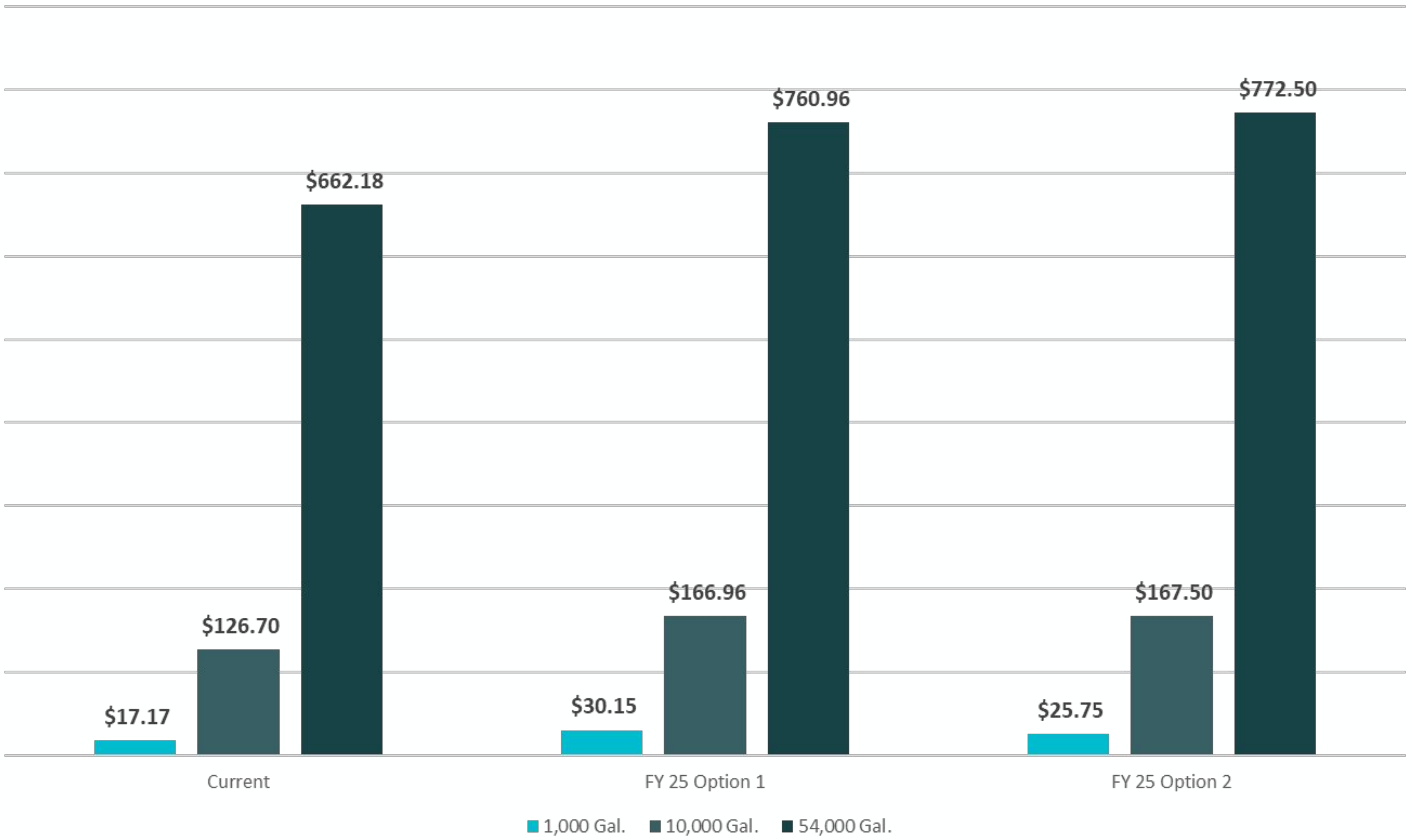
- The monthly impact is $7.28 under Option 2.



FY 2025 Bill Impacts

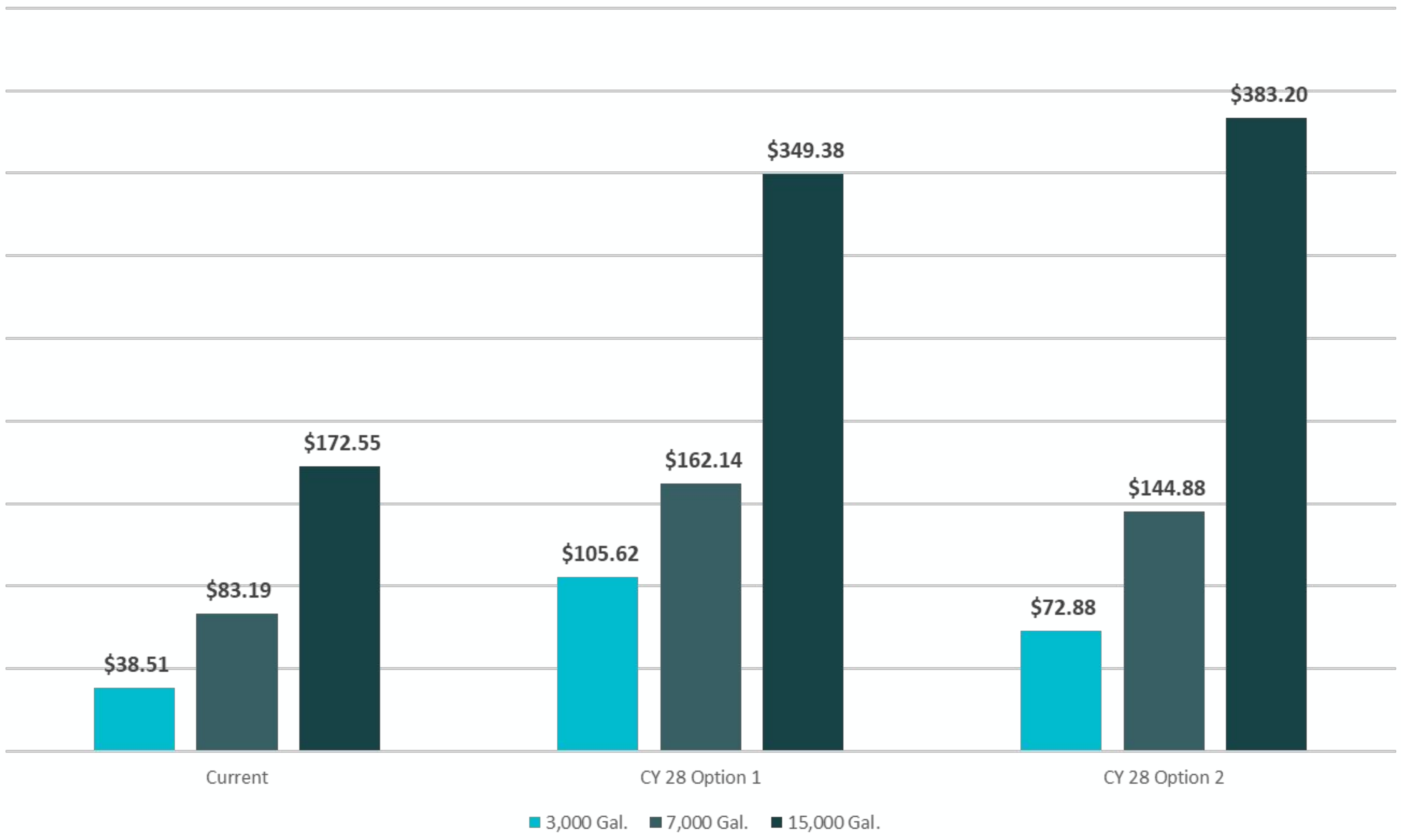
Commercial Monthly Bills – Recommended and Alternative Financial Plans

- The monthly impact on a median commercial customer is $40.26 under Option 1.
- The monthly impact is $40.80 under Option 2.



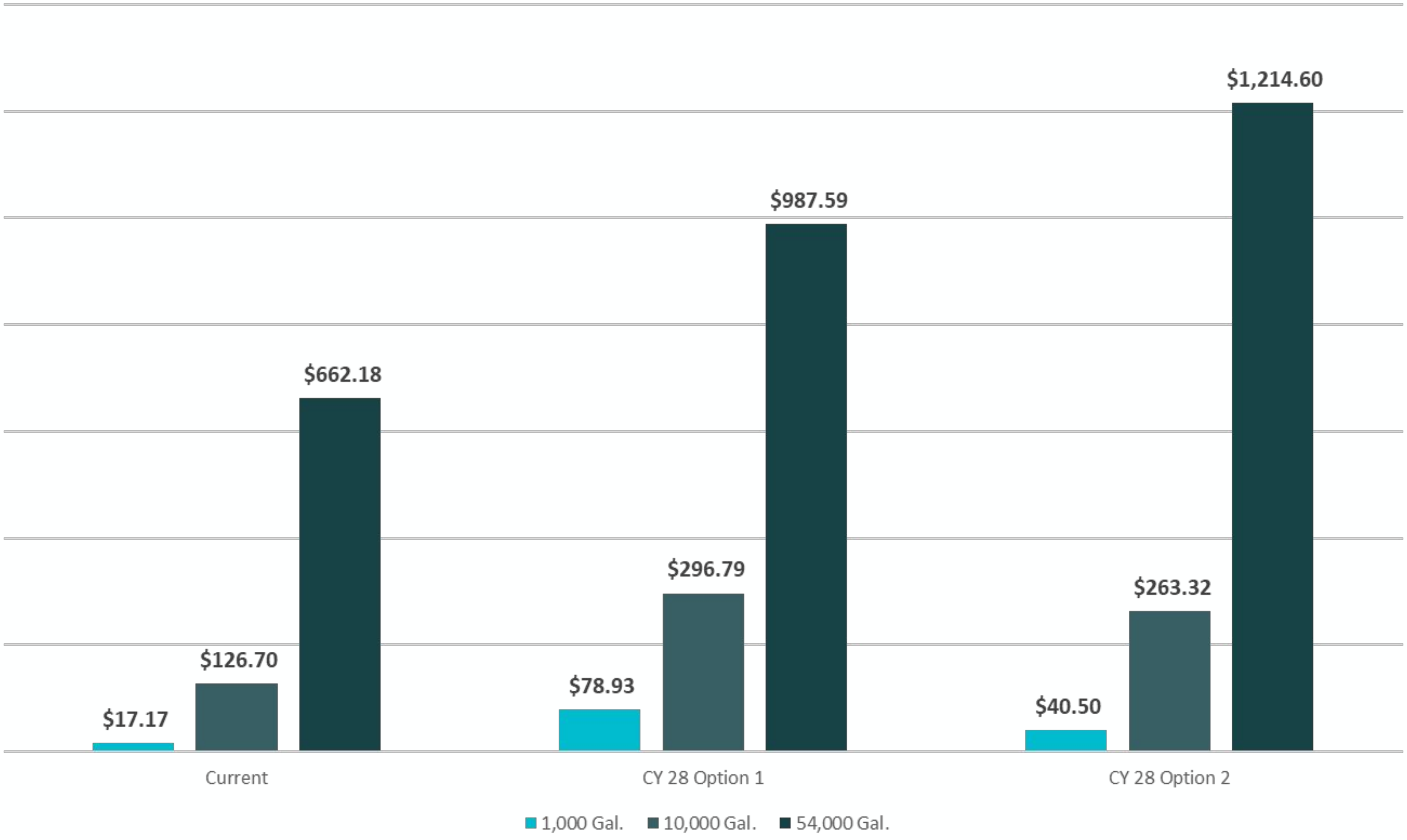
CY 2028 Bill Impacts

Residential Bi-monthly Bills - Recommended Financial Plan



CY 2028 Bill Impacts

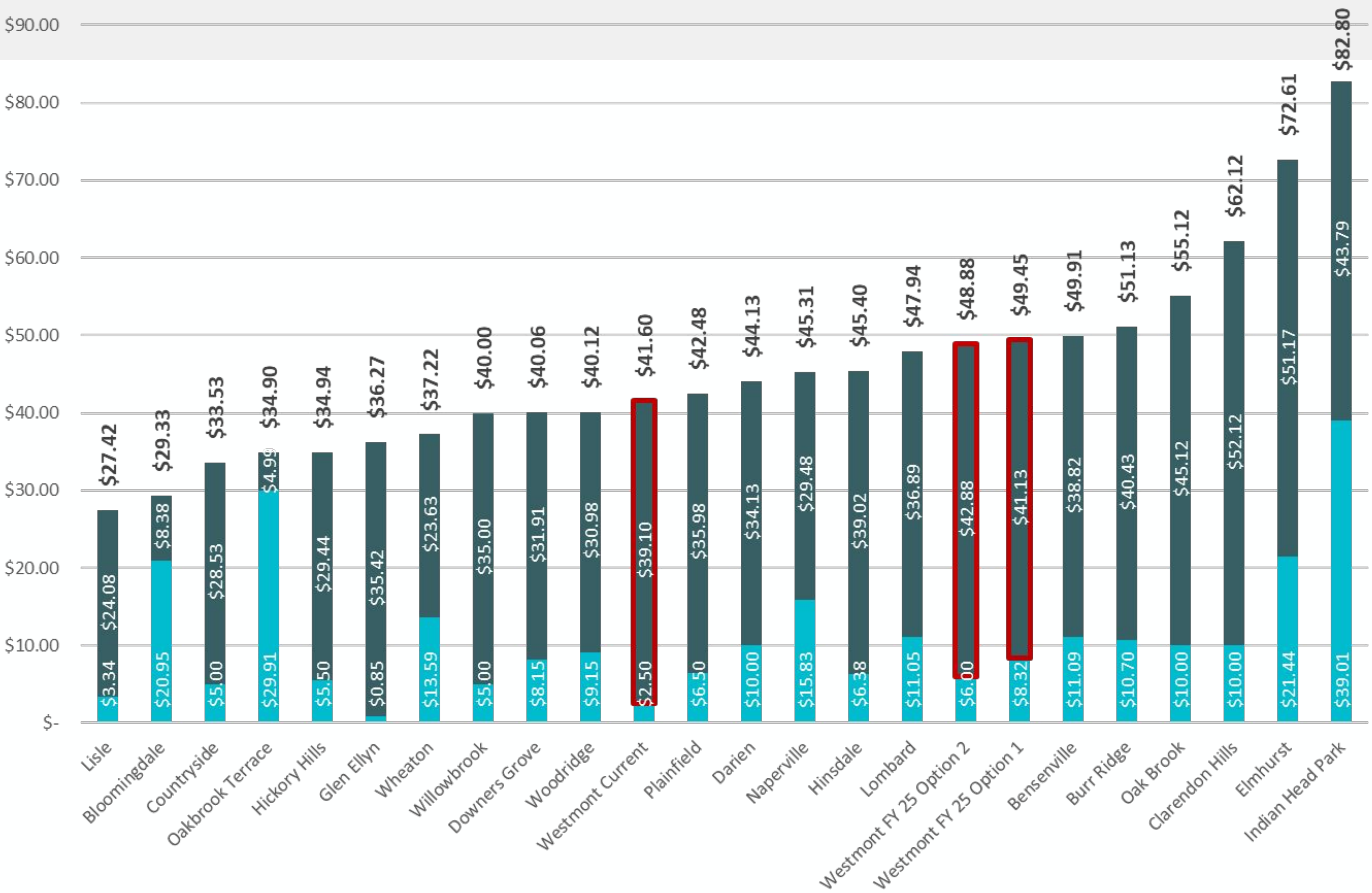
Commercial Monthly Bills – Recommended Financial Plan



Bill Impacts

Comparison to Other Communities

Monthly cost for a residential customer with a 5/8” meter using 3,500 gallons per month.



Alternative Financial Plan Rates

Rate Design

Fixed Charge Schedule
Alternative Financial Plan

Proposed Rate Schedule	FY 2024 Current	CY 2028 Option 1	CY 2028 Option 2
Monthly Fixed Charge			
5/8"	$ 5.00	$ 31.91	$ 7.99
3/4"	5.00	42.72	7.99
1"	5.00	64.32	7.99
1 1/2"	5.00	118.31	39.89
2"	5.00	183.10	63.81
3"	5.00	355.87	127.62
4"	5.00	550.25	199.40
6"	5.00	1,090.18	398.76
Bi-Monthly Fixed Charge			
5/8"	$ 5.00	$ 53.52	$ 15.98
3/4"	5.00	75.12	15.98
1"	5.00	118.31	15.98
1 1/2"	5.00	226.30	79.78
2"	5.00	355.87	127.62
3"	5.00	701.42	255.24
4"	5.00	1,090.18	398.80
6"	5.00	2,170.03	797.52

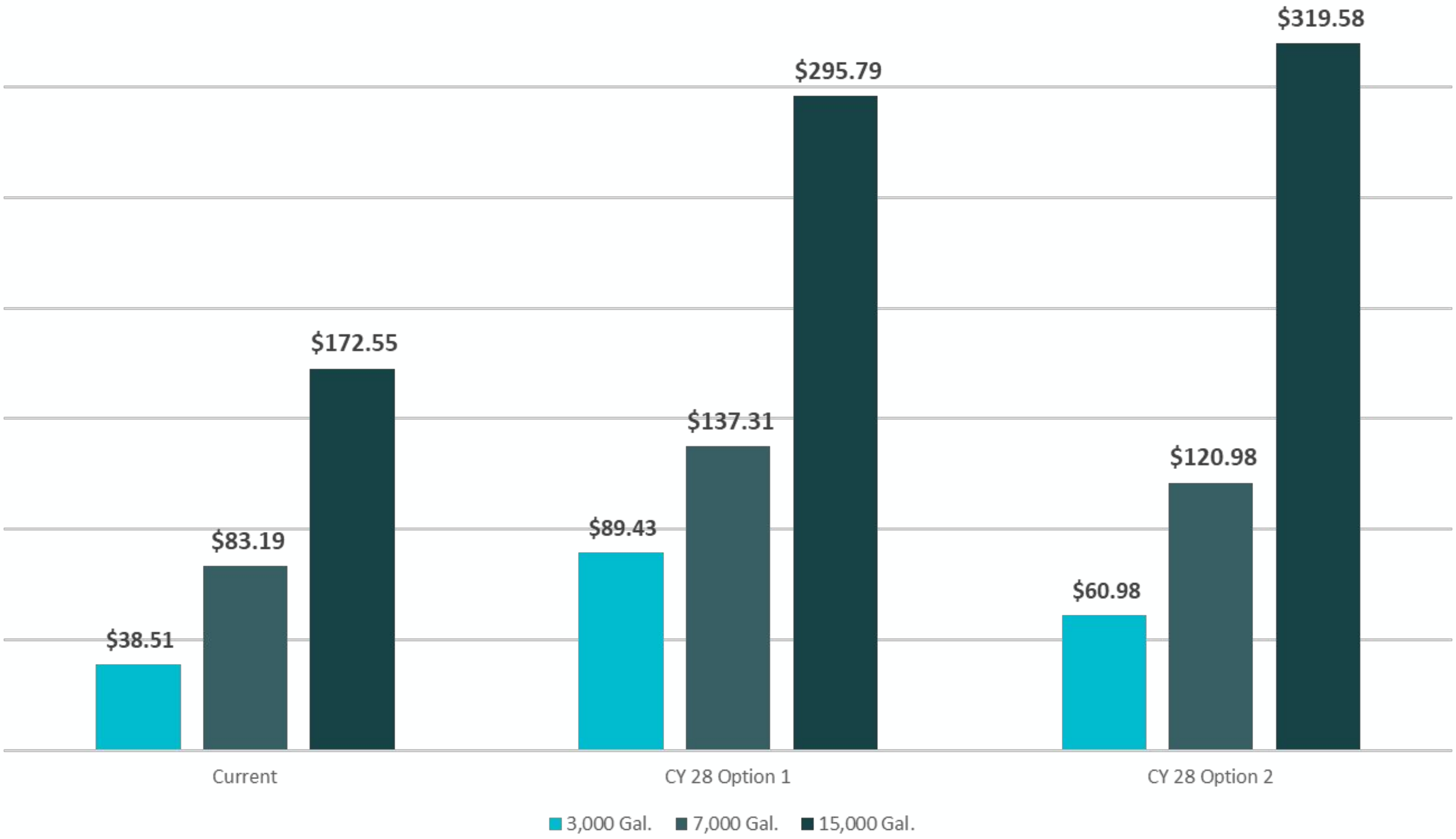
Rate Design

Volume Charge Schedule – Alternative Financial Plan

Description	FY 2024 Current	CY 2028 Option 1	CY 2028 Option 2
Residential			
Less than 16 kgal	$ 11.17	$ 11.97	$ 15.00
16 kgal and above	11.17	20.93	26.23
Commercial	$ 12.17	$ 13.30	$ 18.31

CY 2028 Bill Impacts

Residential Bi-monthly Bills – Alternative Financial Plan



CY 2028 Bill Impacts

Commercial Monthly Bills – Alternative Financial Plan

Full Rate Schedules

Rate Design

Recommended Financial Plan, Rate Option 1

Proposed Rate Schedule	FY 2024 Current	FY 2025 Proposed	CY 2025 Proposed	CY 2026 Proposed	CY 2027 Proposed	CY 2028 Proposed
Effective:		**September 1, 2024**	**September 1, 2025**	**September 1, 2026**	**September 1, 2027**	**September 1, 2028**
Rate Increase		20.00%	14.00%	14.00%	14.00%	6.00%
Monthly Fixed Charge						
5/8"	$ 5.00	$ 11.54	$ 18.08	$ 24.63	$ 31.17	$ 37.71
3/4"	5.00	14.09	23.19	32.28	41.38	50.47
1"	5.00	19.20	33.40	47.61	61.81	76.01
1 1/2"	5.00	31.96	58.92	85.87	112.83	139.79
2"	5.00	47.27	89.54	131.80	174.07	216.34
3"	5.00	88.09	171.18	254.28	337.37	420.46
4"	5.00	134.03	263.06	392.09	521.12	650.15
6"	5.00	261.61	518.22	774.82	1,031.43	1,288.04
Bi-Monthly Fixed Charge						
5/8"	$ 5.00	$ 16.65	$ 28.29	$ 39.94	$ 51.58	$ 63.23
3/4"	5.00	21.75	38.50	55.25	72.00	88.75
1"	5.00	31.96	58.92	85.87	112.83	139.79
1 1/2"	5.00	57.48	109.95	162.43	214.90	267.38
2"	5.00	88.09	171.18	254.28	337.37	420.46
3"	5.00	169.75	334.50	499.24	663.99	828.74
4"	5.00	261.61	518.22	774.82	1,031.43	1,288.04
6"	5.00	516.78	1,028.56	1,540.35	2,052.13	2,563.91
Volume Charge						
Residential						
0 to 8	$ 11.17	$ 11.75	$ 12.34	$ 12.93	$ 13.53	$ 14.13
9 and greater	11.17	14.00	16.71	19.42	22.14	24.73
Commercial	$ 12.17	$ 13.50	$ 14.21	$ 14.91	$ 15.62	$ 15.70

Rate Design

Recommended Financial Plan, Rate Option 2

Proposed Rate Schedule	FY 2024 Current	FY 2025 Proposed	CY 2025 Proposed	CY 2026 Proposed	CY 2027 Proposed	CY 2028 Proposed
Effective:		**September 1, 2024**	**September 1, 2025**	**September 1, 2026**	**September 1, 2027**	**September 1, 2028**
Rate Increase		20.00%	14.00%	14.00%	14.00%	6.00%
Monthly Fixed Charge						
5/8"	$ 5.00	$ 6.00	$ 6.84	$ 7.80	$ 8.90	$ 9.44
3/4"	5.00	6.00	6.84	7.80	8.90	9.44
1"	5.00	6.00	6.84	7.80	8.90	9.44
1 1/2"	5.00	30.00	34.20	38.99	44.45	47.12
2"	5.00	48.00	54.72	62.39	71.13	75.40
3"	5.00	96.00	109.44	124.77	142.24	150.78
4"	5.00	150.00	171.00	194.94	222.24	235.58
6"	5.00	300.00	342.00	389.88	444.47	471.14
Bi-Monthly Fixed Charge						
5/8"	$ 5.00	$ 12.00	$ 13.68	$ 15.60	$ 17.80	$ 18.88
3/4"	5.00	12.00	13.68	15.60	17.80	18.88
1"	5.00	12.00	13.68	15.60	17.80	18.88
1 1/2"	5.00	60.00	68.40	77.98	88.90	94.24
2"	5.00	96.00	109.44	124.78	142.26	150.80
3"	5.00	192.00	218.88	249.54	284.48	301.56
4"	5.00	300.00	342.00	389.88	444.48	471.16
6"	5.00	600.00	684.00	779.76	888.94	942.28
Volume Charge						
Residential						
Volume Charge	$ 11.17	$ 12.25	$ 14.00	$ 15.50	$ 17.25	$ 18.00
Residential	11.17	15.00	18.66	22.83	27.79	31.47
Commercial	$ 12.17	$ 13.75	$ 15.68	$ 17.88	$ 20.39	$ 21.62

Rate Design

Alternative Financial Plan, Rate Option 1

Proposed Rate Schedule	FY 2024 Current	FY 2025 Proposed	CY 2025 Proposed	CY 2026 Proposed	CY 2027 Proposed	CY 2028 Proposed
Effective:		**September 1, 2024**	**September 1, 2025**	**September 1, 2026**	**September 1, 2027**	**September 1, 2028**
Rate Increase		20.00%	7.00%	7.00%	7.00%	8.50%
Monthly Fixed Charge						
5/8"	$ 5.00	$ 11.54	$ 16.63	$ 21.73	$ 26.82	$ 31.91
3/4"	5.00	14.09	21.25	28.41	35.56	42.72
1"	5.00	19.20	30.48	41.76	53.04	64.32
1 1/2"	5.00	31.96	53.55	75.13	96.72	118.31
2"	5.00	47.27	81.23	115.18	149.14	183.10
3"	5.00	88.09	155.04	221.98	288.93	355.87
4"	5.00	134.03	238.09	342.14	446.20	550.25
6"	5.00	261.61	468.75	675.89	883.04	1,090.18
Bi-Monthly Fixed Charge						
5/8"	$ 5.00	$ 16.65	$ 25.86	$ 35.08	$ 44.30	$ 53.52
3/4"	5.00	21.75	35.09	48.44	61.78	75.12
1"	5.00	31.96	53.55	75.13	96.72	118.31
1 1/2"	5.00	57.48	99.68	141.89	184.09	226.30
2"	5.00	88.09	155.04	221.98	288.93	355.87
3"	5.00	169.75	302.67	435.58	568.50	701.42
4"	5.00	261.61	468.75	675.89	883.04	1,090.18
6"	5.00	516.78	930.09	1,343.41	1,756.72	2,170.03
Volume Charge						
Residential						
0 to 8	$ 11.17	$ 11.75	$ 11.81	$ 11.86	$ 11.92	$ 11.97
9 and greater	11.17	14.00	15.73	17.47	19.20	20.93
Commercial	$ 12.17	$ 13.50	$ 13.45	$ 13.40	$ 13.35	$ 13.30

Rate Design

Alternative Financial Plan, Rate Option 2

Proposed Rate Schedule	FY 2024 Current		FY 2025 Proposed		CY 2025 Proposed		CY 2026 Proposed		CY 2027 Proposed		CY 2028 Proposed
Effective:				September 1, 2024		September 1, 2025		September 1, 2026		September 1, 2027	September 1, 2028
Rate Increase				20.00%		7.00%		7.00%		7.00%	8.50%
Monthly Fixed Charge											
5/8"	$	5.00	$	6.00	$	6.42	$	6.87	$	7.36	$ 7.99
3/4"		5.00		6.00		6.42		6.87		7.36	7.99
1"		5.00		6.00		6.42		6.87		7.36	7.99
1 1/2"		5.00		30.00		32.10		34.35		36.76	39.89
2"		5.00		48.00		51.36		54.96		58.81	63.81
3"		5.00		96.00		102.72		109.92		117.62	127.62
4"		5.00		150.00		160.50		171.74		183.77	199.40
6"		5.00		300.00		321.00		343.47		367.52	398.76
Bi-Monthly Fixed Charge											
5/8"	$	5.00	$	12.00	$	12.84	$	13.74	$	14.72	$ 15.98
3/4"		5.00		12.00		12.84		13.74		14.72	15.98
1"		5.00		12.00		12.84		13.74		14.72	15.98
1 1/2"		5.00		60.00		64.20		68.70		73.52	79.78
2"		5.00		96.00		102.72		109.92		117.62	127.62
3"		5.00		192.00		205.44		219.84		235.24	255.24
4"		5.00		300.00		321.00		343.48		367.54	398.80
6"		5.00		600.00		642.00		686.94		735.04	797.52
Volume Charge											
Residential											
0 to 8	$	11.17	$	12.25	$	13.00	$	13.50	$	14.45	$ 15.00
9 and greater		11.17		15.00		17.33		19.88		23.28	26.23
Commercial	$	12.17	$	13.75	$	14.72	$	15.76	$	16.87	$ 18.31