

Item #6:

Ord. Approving Amendment Water User Rate Regulations

VILLAGE OF LONG GROVE

ORDINANCE NO. 2016-O-__

**AN ORDINANCE AMENDING SECTION 12-1-2 OF THE LONG GROVE
VILLAGE CODE REGARDING WATER SYSTEM USER RATES**

Adopted by the President and Board of
Trustees of the Village of Long Grove on
this 28th day of June, 2016

Published in pamphlet form by direction and
authority of the Village of Long Grove,
County of Lake, State of Illinois, on this
28th day of June, 2016

VILLAGE OF LONG GROVE
ORDINANCE NO. 2016-O-__

**AN ORDINANCE AMENDING SECTION 12-1-2 OF THE LONG GROVE
VILLAGE CODE REGARDING WATER SYSTEM USER RATES**

WHEREAS, the Village of Long Grove operates a public water system ("**Water System**"), which currently serves a very limited portion of the Village; and

WHEREAS, the Village has undertaken a review of its current user base, rates, and revenue stream for the Water System to determine the fees and rates necessary to recover the operation, maintenance, and long-term repair and replacement costs associated with the Water System and its component parts; and

WHEREAS, based on such assessment, the Village Board has determined that it is appropriate to amend the Village Code to amend the water rates charged to users of the Water System, effective _____ (Date to coincide with the next schedule meter reading);

NOW, THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF LONG GROVE, COUNTY OF LAKE, STATE OF ILLINOIS, AS FOLLOWS:

SECTION ONE. **Recitals.** The foregoing recitals are incorporated into this Ordinance as the findings of the President and Board of Trustees.

SECTION TWO. **Amendment to Section 12-1-2(MM)(1).**

(a) Paragraph 1 of Subsection (MM), entitled "Water Service," of Section 12-1-2 titled "Fees," of Chapter 1, titled "Fee Schedule," of Title 12, titled "Fees and Costs" of the Village Code is hereby amended, so that said Paragraph 12-1-2(MM)(1) shall, effective _____, be and read as follows:

12-1-2 FEES

* * *

(MM)	Water Service:	
	1. Water Rate The total minimum quarterly fee shall in no event be less than \$112.50 \$100.00 for single-family residential users and \$375.00 for all other users, except as otherwise provided in Section 8-15-16 of the Village Code.	\$14.00 \$10.50/ 1,000 gallons
* * *		

(b) The rates approved in Section Seven of Village of Long Grove Ordinance No. 2015-O-17 that were to take effect as of January 1, 2017 are hereby repealed.

SECTION THREE. Effective Date. This Ordinance shall be in full force and effect after its passage, approval, and publication in pamphlet form in the manner provided by law.

PASSED THIS 28TH DAY OF JUNE, 2016.

AYES: () Trustees:

NAYS: ()

ABSENT: ()

APPROVED THIS 28TH DAY OF JUNE, 2016.

Angela Underwood, Village President

ATTEST:

Heidi Locker-Scheer, Village Clerk

Existing Deep Well Water Rate Analysis

Option 1 - Current Rates
Attachment D
Scenario Analysis - Existing Well- FY2016

	Scenarios				
	A	B	C	D	E
OPERATING REVENUES					
Metered Sales					
User Revenues	\$ 54,200	\$ 150,600	\$ 267,200	\$ 223,300	\$ 339,900
Total Metered Sales	54,200	150,600	267,200	223,300	339,900
Other Revenues					
Meter fees	3,000	3,000	3,000	3,000	3,000
Application fees	400	400	400	400	400
Interest income	500	500	500	500	500
Total Other Revenue	3,900	3,900	3,900	3,900	3,900
TOTAL OPERATING REVENUES	58,100	154,500	271,100	227,200	343,800
OPERATING EXPENSES					
Operation and Maintenance Expense					
Operating expenses					
Pumping	12,710	46,268	84,887	70,165	106,537
Lab Fees	2,300	2,300	2,300	2,300	2,300
Permit Fees	150	150	150	150	150
Repair & maintenance	1,600	1,600	1,600	1,600	1,600
Security System	1,725	1,725	1,725	1,725	1,725
Supplies	3,500	3,500	3,500	3,500	3,500
Water Meter Hardware Expenses	3,300	3,300	3,300	3,300	3,300
Water Meter installation	500	500	500	500	500
Miscellaneous					
Administrative and General					
Management Services	27,000	27,000	30,000	27,000	30,000
Professional Services	600	600	600	600	600
Telephone	1,000	1,000	1,000	1,000	1,000
Postage	30	30	30	30	30
Bank Service Charges	250	250	250	250	250
Total Operating and Maintenance	54,665	88,223	129,842	112,120	151,492
Replacement/Capital Budget*	900	6,700	12,300	6,700	12,300
Total Other Expense	900	6,700	12,300	6,700	12,300
TOTAL OPERATING EXPENSES	55,565	94,923	142,142	118,820	163,792
NET CASH FLOW IN (OUT)	\$ 2,535	\$ 59,577	\$ 128,958	\$ 108,380	\$ 180,008
INCREASE (DECREASE) IN RATES	-5%	-40%	-48%	-49%	-53%

*This is based on depreciation expense for existing and 35% of proposed infrastructure

SCENARIOS

	Annual sales volume
A. Existing customers	3,476,800
B. Existing customers + Harbor Chase	12,656,550
C. Existing customers + Harbor Chase + Downtown	22,809,025
D. Existing customers + Harbor Chase + Archer out lots + triangle properties	19,317,800
E. Existing customers + Harbor Chase + Archer out lots + triangle properties + Downtown	29,470,275

Proposed Rates Volume \$10.50/1,000 gallons
Fixed \$375

Option 2 - Proposed Rates
Attachment D
Scenario Analysis - Existing Well- FY2016

	Scenarios				
	A	B	C	D	E
OPERATING REVENUES					
Metered Sales					
User Revenues	\$ 40,000	\$ 136,400	\$ 239,200	\$ 206,400	\$ 309,200
Total Metered Sales	40,000	136,400	239,200	206,400	309,200
Other Revenues					
Meter fees	3,000	3,000	3,000	3,000	3,000
Application fees	400	400	400	400	400
Interest income	500	500	500	500	500
Total Other Revenue	3,900	3,900	3,900	3,900	3,900
TOTAL OPERATING REVENUES	43,900	140,300	243,100	210,300	313,100
OPERATING EXPENSES					
Operation and Maintenance Expense					
Operating expenses					
Pumping	12,710	46,268	84,887	70,165	106,537
Lab Fees	2,300	2,300	2,300	2,300	2,300
Permit Fees	150	150	150	150	150
Repair & maintenance	1,600	1,600	1,600	1,600	1,600
Security System	1,725	1,725	1,725	1,725	1,725
Supplies	3,500	3,500	3,500	3,500	3,500
Water Meter Hardware Expenses	3,300	3,300	3,300	3,300	3,300
Water Meter installation	500	500	500	500	500
Miscellaneous					
Administrative and General					
Management Services	27,000	27,000	30,000	27,000	30,000
Professional Services	600	600	600	600	600
Telephone	1,000	1,000	1,000	1,000	1,000
Postage	30	30	30	30	30
Bank Service Charges	250	250	250	250	250
Total Operating and Maintenance	54,665	88,223	129,842	112,120	151,492
Replacement/Capital Budget*	900	6,700	12,300	6,700	12,300
Total Other Expense	900	6,700	12,300	6,700	12,300
TOTAL OPERATING EXPENSES	55,565	94,923	142,142	118,820	163,792
NET CASH FLOW IN (OUT)	\$ (11,665)	\$ 45,377	\$ 100,958	\$ 91,480	\$ 149,308
INCREASE (DECREASE) IN RATES	29%	-33%	-42%	-44%	-48%

*This is based on depreciation expense for existing and 35% of proposed infrastructure

SCENARIOS

	Annual sales volume
A. Existing customers	3,476,800
B. Existing customers + Harbor Chase	12,656,550
C. Existing customers + Harbor Chase + Downtown	22,809,025
D. Existing customers + Harbor Chase + Archer out lots + triangle properties	19,317,800
E. Existing customers + Harbor Chase + Archer out lots + triangle properties + Downtown	29,470,275

Proposed Rates Volume \$10.50/1,000 gallons
Fixed \$100

Option 4 - Proposed Rates
Attachment D
Scenario Analysis - Existing Well- FY2016

	Scenarios				
	A	B	C	D	E
OPERATING REVENUES					
Metered Sales					
User Revenues	\$ 34,500	\$ 112,500	\$ 195,700	\$ 169,100	\$ 252,300
Total Metered Sales	34,500	112,500	195,700	169,100	252,300
Other Revenues					
Meter fees	3,000	3,000	3,000	3,000	3,000
Application fees	400	400	400	400	400
Interest income	500	500	500	500	500
Total Other Revenue	3,900	3,900	3,900	3,900	3,900
TOTAL OPERATING REVENUES	38,400	116,400	199,600	173,000	256,200
OPERATING EXPENSES					
Operation and Maintenance Expense					
Operating expenses					
Pumping	12,710	46,268	84,887	70,165	106,537
Lab Fees	2,300	2,300	2,300	2,300	2,300
Permit Fees	150	150	150	150	150
Repair & maintenance	1,600	1,600	1,600	1,600	1,600
Security System	1,725	1,725	1,725	1,725	1,725
Supplies	3,500	3,500	3,500	3,500	3,500
Water Meter Hardware Expenses	3,300	3,300	3,300	3,300	3,300
Water Meter installation	500	500	500	500	500
Miscellaneous					
Administrative and General					
Management Services	27,000	27,000	30,000	27,000	30,000
Professional Services	600	600	600	600	600
Telephone	1,000	1,000	1,000	1,000	1,000
Postage	30	30	30	30	30
Bank Service Charges	250	250	250	250	250
Total Operating and Maintenance	54,665	88,223	129,842	112,120	151,492
Replacement/Capital Budget*	900	6,700	12,300	6,700	12,300
Total Other Expense	900	6,700	12,300	6,700	12,300
TOTAL OPERATING EXPENSES	55,565	94,923	142,142	118,820	163,792
NET CASH FLOW IN (OUT)	\$ (17,165)	\$ 21,477	\$ 57,458	\$ 54,180	\$ 92,408
INCREASE (DECREASE) IN RATES	50%	-19%	-29%	-32%	-37%

*This is based on depreciation expense for existing and 35% of proposed infrastructure

SCENARIOS

	Annual sales volume
A. Existing customers	3,476,800
B. Existing customers + Harbor Chase	12,656,550
C. Existing customers + Harbor Chase + Downtown	22,809,025
D. Existing customers + Harbor Chase + Archer out lots + triangle properties	19,317,800
E. Existing customers + Harbor Chase + Archer out lots + triangle properties + Downtown	29,470,275

Proposed Rates Volume \$8.50/1,000 gallons
Fixed \$125

**Lake Michigan
Water Rate Analysis**

Option 1 - Current Rates
Attachment E
Scenario Analysis Lake Michigan Water - FY2016

	Scenarios				
	A	B	C	D	E
OPERATING REVENUES					
Metered Sales					
User Revenues	\$ 54,200	\$ 150,600	\$ 267,200	\$ 223,300	\$ 339,900
Total Metered Sales	<u>54,200</u>	<u>150,600</u>	<u>267,200</u>	<u>223,300</u>	<u>339,900</u>
Other Revenues					
Meter fees	3,000	3,000	3,000	3,000	3,000
Application fees	400	400	400	400	400
Interest income	500	500	500	500	500
Total Other Revenue	<u>3,900</u>	<u>3,900</u>	<u>3,900</u>	<u>3,900</u>	<u>3,900</u>
TOTAL OPERATING REVENUES	<u>58,100</u>	<u>154,500</u>	<u>271,100</u>	<u>227,200</u>	<u>343,800</u>
OPERATING EXPENSES					
Operation and Maintenance Expense					
Operating expenses					
Purchased Water	15,854	57,714	104,009	88,089	134,384
Pumping	10,422	37,940	69,607	57,536	87,360
Lab Fees	2,300	2,300	2,300	2,300	2,300
Permit Fees	150	150	150	150	150
Repair & maintenance	1,600	1,600	1,600	1,600	1,600
Security System	1,725	1,725	1,725	1,725	1,725
Supplies	3,500	3,500	3,500	3,500	3,500
Water Meter Hardware Expenses	3,300	3,300	3,300	3,300	3,300
Water Meter installation	500	500	500	500	500
Miscellaneous					
Administrative and General					
Professional Services	600	600	600	600	600
Telephone	1,000	1,000	1,000	1,000	1,000
Postage	30	30	30	30	30
Bank Service Charges	250	250	250	250	250
Total Operating and Maintenance	<u>54,665</u>	<u>110,608</u>	<u>188,572</u>	<u>160,580</u>	<u>236,700</u>
Replacement/Capital Budget*	900	6,700	12,300	6,700	12,300
Total Other Expense	<u>900</u>	<u>6,700</u>	<u>12,300</u>	<u>6,700</u>	<u>12,300</u>
TOTAL OPERATING EXPENSES	<u>55,565</u>	<u>117,308</u>	<u>200,872</u>	<u>167,280</u>	<u>249,000</u>
NET CASH FLOW IN (OUT)	<u>\$ 2,535</u>	<u>\$ 37,192</u>	<u>\$ 70,228</u>	<u>\$ 59,920</u>	<u>\$ 94,800</u>
INCREASE (DECREASE) IN RATES	-5%	-25%	-26%	-27%	-28%

*This is based on depreciation expense for existing and 35% of proposed infrastructure

SCENARIOS

	Annual Sales Volume
A. Existing customers	3,476,800
B. Existing customers + Harbor Chase	12,656,550
C. Existing customers + Harbor Chase + Downtown	22,809,025
D. Existing customers + Harbor Chase + Archer out lots + triangle properties	19,317,800
E. Existing customers + Harbor Chase + Archer out lots + triangle properties + Downtown	29,470,275

Purchased Water rate (per 1,000 gallons) \$4.56

Proposed Rates Volume \$10.50/1,000 gallons
Fixed \$375

Option 2 - Proposed Rates
Attachment E
Scenario Analysis Lake Michigan Water - FY2016

	Scenarios				
	A	B	C	D	E
OPERATING REVENUES					
Metered Sales					
User Revenues	\$ 40,000	\$ 136,400	\$ 239,200	\$ 206,400	\$ 309,200
Total Metered Sales	40,000	136,400	239,200	206,400	309,200
Other Revenues					
Meter fees	3,000	3,000	3,000	3,000	3,000
Application fees	400	400	400	400	400
Interest income	500	500	500	500	500
Total Other Revenue	3,900	3,900	3,900	3,900	3,900
TOTAL OPERATING REVENUES	43,900	140,300	243,100	210,300	313,100
OPERATING EXPENSES					
Operation and Maintenance Expense					
Operating expenses					
Purchased Water	15,854	57,714	104,009	88,089	134,384
Pumping	10,422	37,940	69,607	57,536	87,360
Lab Fees	2,300	2,300	2,300	2,300	2,300
Permit Fees	150	150	150	150	150
Repair & maintenance	1,600	1,600	1,600	1,600	1,600
Security System	1,725	1,725	1,725	1,725	1,725
Supplies	3,500	3,500	3,500	3,500	3,500
Water Meter Hardware Expenses	3,300	3,300	3,300	3,300	3,300
Water Meter installation	500	500	500	500	500
Miscellaneous					
Administrative and General					
Professional Services	600	600	600	600	600
Telephone	1,000	1,000	1,000	1,000	1,000
Postage	30	30	30	30	30
Bank Service Charges	250	250	250	250	250
Total Operating and Maintenance	54,665	110,608	188,572	160,580	236,700
Replacement/Capital Budget*	900	6,700	12,300	6,700	12,300
Total Other Expense	900	6,700	12,300	6,700	12,300
TOTAL OPERATING EXPENSES	55,565	117,308	200,872	167,280	249,000
NET CASH FLOW IN (OUT)	\$ (11,665)	\$ 22,992	\$ 42,228	\$ 43,020	\$ 64,100
INCREASE (DECREASE) IN RATES	29%	-17%	-18%	-21%	-21%

*This is based on depreciation expense for existing and 35% of proposed infrastructure

SCENARIOS

	Annual Sales Volume
A. Existing customers	3,476,800
B. Existing customers + Harbor Chase	12,656,550
C. Existing customers + Harbor Chase + Downtown	22,809,025
D. Existing customers + Harbor Chase + Archer out lots + triangle properties	19,317,800
E. Existing customers + Harbor Chase + Archer out lots + triangle properties + Downtown	29,470,275

Purchased Water rate (per 1,000 gallons) \$4.56

Proposed Rates	Volume	\$10.50/1,000 gallons
	Fixed	\$100

Option 3 - Proposed Rates
Attachment E
Scenario Analysis Lake Michigan Water - FY2016

	Scenarios				
	A	B	C	D	E
OPERATING REVENUES					
Metered Sales					
User Revenues	\$ 36,500	\$ 132,900	\$ 235,700	\$ 202,900	\$ 305,700
Total Metered Sales	36,500	132,900	235,700	202,900	305,700
Other Revenues					
Meter fees	3,000	3,000	3,000	3,000	3,000
Application fees	400	400	400	400	400
Interest income	500	500	500	500	500
Total Other Revenue	3,900	3,900	3,900	3,900	3,900
TOTAL OPERATING REVENUES	40,400	136,800	239,600	206,800	309,600
OPERATING EXPENSES					
Operation and Maintenance Expense					
Operating expenses					
Purchased Water	15,854	57,714	104,009	88,089	134,384
Pumping	10,422	37,940	69,607	57,536	87,360
Lab Fees	2,300	2,300	2,300	2,300	2,300
Permit Fees	150	150	150	150	150
Repair & maintenance	1,600	1,600	1,600	1,600	1,600
Security System	1,725	1,725	1,725	1,725	1,725
Supplies	3,500	3,500	3,500	3,500	3,500
Water Meter Hardware Expenses	3,300	3,300	3,300	3,300	3,300
Water Meter installation	500	500	500	500	500
Miscellaneous					
Administrative and General					
Professional Services	600	600	600	600	600
Telephone	1,000	1,000	1,000	1,000	1,000
Postage	30	30	30	30	30
Bank Service Charges	250	250	250	250	250
Total Operating and Maintenance	54,665	110,608	188,572	160,580	236,700
Replacement/Capital Budget*	900	6,700	12,300	6,700	12,300
Total Other Expense	900	6,700	12,300	6,700	12,300
TOTAL OPERATING EXPENSES	55,565	117,308	200,872	167,280	249,000
NET CASH FLOW IN (OUT)	\$ (15,165)	\$ 19,492	\$ 38,728	\$ 39,520	\$ 60,600
INCREASE (DECREASE) IN RATES	42%	-15%	-16%	-19%	-20%

*This is based on depreciation expense for existing and 35% of proposed infrastructure

SCENARIOS

	Annual Sales Volume
A. Existing customers	3,476,800
B. Existing customers + Harbor Chase	12,656,550
C. Existing customers + Harbor Chase + Downtown	22,809,025
D. Existing customers + Harbor Chase + Archer out lots + triangle properties	19,317,800
E. Existing customers + Harbor Chase + Archer out lots + triangle properties + Downtown	29,470,275

Purchased Water rate (per 1,000 gallons) \$4.56

Proposed Rates	Volume	\$10.50/1,000 gallons
	Fixed	\$0

Option 4 - Proposed Rates
Attachment E
Scenario Analysis Lake Michigan Water - FY2016

	Scenarios				
	A	B	C	D	E
OPERATING REVENUES					
Metered Sales					
User Revenues	\$ 34,500	\$ 112,500	\$ 195,700	\$ 169,100	\$ 252,300
Total Metered Sales	34,500	112,500	195,700	169,100	252,300
Other Revenues					
Meter fees	3,000	3,000	3,000	3,000	3,000
Application fees	400	400	400	400	400
Interest income	500	500	500	500	500
Total Other Revenue	3,900	3,900	3,900	3,900	3,900
TOTAL OPERATING REVENUES	38,400	116,400	199,600	173,000	256,200
OPERATING EXPENSES					
Operation and Maintenance Expense					
Operating expenses					
Purchased Water	15,854	57,714	104,009	88,089	134,384
Pumping	10,422	37,940	69,607	57,536	87,360
Lab Fees	2,300	2,300	2,300	2,300	2,300
Permit Fees	150	150	150	150	150
Repair & maintenance	1,600	1,600	1,600	1,600	1,600
Security System	1,725	1,725	1,725	1,725	1,725
Supplies	3,500	3,500	3,500	3,500	3,500
Water Meter Hardware Expenses	3,300	3,300	3,300	3,300	3,300
Water Meter installation	500	500	500	500	500
Miscellaneous					
Administrative and General					
Professional Services	600	600	600	600	600
Telephone	1,000	1,000	1,000	1,000	1,000
Postage	30	30	30	30	30
Bank Service Charges	250	250	250	250	250
Total Operating and Maintenance	54,665	110,608	188,572	160,580	236,700
Replacement/Capital Budget*	900	6,700	12,300	6,700	12,300
Total Other Expense	900	6,700	12,300	6,700	12,300
TOTAL OPERATING EXPENSES	55,565	117,308	200,872	167,280	249,000
NET CASH FLOW IN (OUT)	\$ (17,165)	\$ (908)	\$ (1,272)	\$ 5,720	\$ 7,200
INCREASE (DECREASE) IN RATES	50%	1%	1%	-3%	-3%

*This is based on depreciation expense for existing and 35% of proposed infrastructure

SCENARIOS

	Annual Sales Volume
A. Existing customers	3,476,800
B. Existing customers + Harbor Chase	12,656,550
C. Existing customers + Harbor Chase + Downtown	22,809,025
D. Existing customers + Harbor Chase + Archer out lots + triangle properties	19,317,800
E. Existing customers + Harbor Chase + Archer out lots + triangle properties + Downtown	29,470,275

Purchased Water rate (per 1,000 gallons) \$4.56

Proposed Rates Volume \$8.50/1,000 gallons
Fixed \$125