

VILLAGE OF LIBERTYVILLE  
BOARD OF TRUSTEES  
WATER & SEWER COMMITTEE

Tuesday, March 8, 2016  
7:00 pm  
Village Hall

MINUTES

Attendance

Committee: Trustee Donna Johnson, Trustee Rich Moras  
Village Board: Mayor Terry Wepler, Trustee Scott Garrity  
Staff: Deputy Village Administrator Kelly Amidei, Director of Public Works Paul Kendzior, Assistant to the Director Laura Ditanto, Police Chief Clint Herdegen  
Others: Eric Callocchia – Municipal & Financial Services Group (MFSG)  
Absent: Trustee Scott Adams, Village Administrator Kevin Bowens, Finance Director Pat Wesolowski

Agenda

Call to Order at 7:24 pm

**Minutes of February 9, 2016 Meeting**

The minutes were approved as written.

**Water & Sewer Capital Improvement Projects Updates**

- a) 911 & 915 W. Park Avenue Watermain Easements:  
The Board at the January 26th meeting authorized Staff and the Village Attorney to move forward with eminent domain proceedings in order to obtain the necessary watermain easements. The Village Attorney has been in discussions with the property owner. The property owner has until April 1, 2016 to accept the Village's offer which will be the appraisal price less the outstanding judgement. The Village has also agreed to include the owner's guarantees about possible watermain failure in the easement agreement.
- b) 2016 Underground Utility Improvements Program:  
The construction contract has been awarded to Trine Construction. Watermain replacement work will occur on Johnson Avenue, Merrill Court, Wheeler Court, West Ellis Avenue, East Ellis Avenue and Fourth Avenue at Paddock Lane. Construction is expected to begin in approximately one month.

**Water & Sewer Rate Study**

Eric Callocchia of MFSG gave a PowerPoint presentation to the Committee.

Projects Cost Summary – Water: Operating expenses average an increase of 1.5% per year until 2020 when JAWA rates drop from paying off capital debt, thereafter, an average 2% increase is

VILLAGE OF LIBERTYVILLE  
BOARD OF TRUSTEES  
WATER & SEWER COMMITTEE

projected from 2022 to 2025.

Projected Cost Summary – Sewer: Operating expenses average an increase of 3.8% per year. This will fund all existing and proposed capital projects. Future capital funded 83% by new debt.

Projected Consumption Summary: Billed sewer usage is on average about 9% lower than billed water consumption due to the cap on sewer usage based on winter water consumption. Minor increases in consumption due to customer growth projected in FY 2017 and FY 2018, otherwise 0% growth.

Projected Revenue Needs – Water: The first three years, rates will need to be raised 5% to maintain projected revenue needs.

Projected Revenue Needs – Sewer: The first three years, rates will need to be raised 20% to maintain projected revenue needs.

Projected Utility Fund Cash Balance: The projected cash balance under the proposed rates hold steady at \$3 million for the first three years and is projected to rise to \$9 million by FY2025.

Proposed Water Rate Structure: Inclining Block Rate

- Fixed Bi-Monthly Fee of \$22.83 (no usage included) Applying the Senior Discount to the fixed fee would be  $\$22.83 - \$2.70 = \$20.13$ .
- Tiered Rate Structure per 1,000 gallons:
  - Tier 1 – Up to 4,000 gallons = \$2.40
  - Tier 2 – From 4,000 to 8,000 gallons = \$4.81
  - Tier 3 – Over 8,000 gallons = \$7.21

Proposed Sewer Rate Structure: Inclining Block Rate

- Sewer usage capped at 110% of winter water usage
- Fixed Bi-Monthly Fee of \$7.66 (no usage included) Applying the Senior Discount to the fixed fee would be  $\$7.66 - \$6.25 = \$1.41$
- Unit rate for all usage = \$4.68 per 1,000 gallons

MFSG examined the possibility of raising the Summer Sewer Discount to \$125, versus the current rate of 110%. At 125%, the Village would bill about 15% of total annual water usage. This would translate into a 12% decrease in the sewer rate (same revenue generated). Rate could go from \$4.68 to \$4.12. MFSG recommends running several sample billing cycles to confirm the proper revenue generation of the above stated rates. Callocchia stated that the average Summer Sewer Rate is 120% - 130%, and the Village rate of 110% is on the lower end.

Senior Rate: MFSG balanced out those that get the senior rate and those that do not to calculate the \$7.66 fixed rate.

Impact of Rate Structures: Under the inclining block rate structure in FY 2017, rates would only go up 3.7% from 2016. Using the current rate structure, rates would increase 11% from FY 2016 to 2017 for residential rates.

A resident in the audience requested that Staff look at the billing arrangement for Riva Ridge.

VILLAGE OF LIBERTYVILLE  
BOARD OF TRUSTEES  
WATER & SEWER COMMITTEE

Riva Ridge units are between four to ten units per meter.

The Committee requested to continue the discussion at the April meeting. There are still open questions before making a rate recommendation.

**Revised Franchise Utility Permit Conditions**

Due to concerns with directionally drilling operations for new electrical, communications and gas lines, Public Works Engineering Division Staff implemented a few revisions to the Village's Franchise Utility Permit Conditions. Most notable revisions include "potholing" (exploratory excavations) of the Village's utilities along with private sewer laterals prior to commencing work and post-construction televising of the main line storm and sanitary sewers, including service laterals. These revisions were the result of a residential sanitary sewer service being damaged recently by ComEd's contractor on Valley Park Drive. Staff is not asking the utility companies to do any more than contractors.

Adjournment at 7:55 pm

Respectfully Submitted:

Laura Ditanto, Assistant to the Director