

WATER/SEWER RATE INCREASE SUMMARY

Effective May 1, 2018

- The Village's water and wastewater (sanitary sewer) operations are a self-supporting enterprise that does not receive any property tax or other tax-related income.
- In addition to providing safe drinking water and treating wastewater per various environmental regulations, the Village has identified nearly \$20 million needed for new capital improvements.

Priority Capital Projects Include:

Wastewater Treatment Facility Upgrades	\$3,000,000 (to meet EPA mandated requirements)
New Water Treatment Plant	\$5,300,000 (to serve current and future customers)
New Water Well	\$1,400,000 (to serve current and future customers)

- Aging infrastructure is now 15 – 20 years old and requires more maintenance and improvements to meet operating needs in addition to EPA regulations and mandates.
- The need for a dedicated revenue stream for long-term maintenance and the Capital Improvement Plan was identified and will be addressed through a new capital and infrastructure fee. A flat bi-monthly fee of \$4.50 for water and \$4.50 for sewer (\$9.00 total per bi-monthly bill) will be added to the rate structure. (The Southwind subdivision is serviced by the Lake in the Hills Sanitary District and is therefore not subject to the sewer rate/fee changes).
- A minimum bill is currently based on 4,000 gallons of water/sewer usage. The new rate structure will reduce the minimum billing amount to 3,000 gallons, which brings the amount of water a minimum user is paying for closer to the actual amount of water used, as many minimum bills typically range from 2,000 – 3,000 gallons per bill.
- The new rate structure is as follows:
 1. Effective May 1, 2018, the consumer shall pay \$3.17 per 1,000 gallons of consumption for water and \$4.19 per 1,000 gallons of consumption for sewer (\$7.36 total)
 2. Effective January 1, 2019, the consumer shall pay \$3.33 per 1,000 gallons of consumption for water and \$4.40 per 1,000 gallons of consumption for sewer (\$7.73 total)
 3. Effective January 1, 2020, the consumer shall pay \$3.50 per 1,000 gallons of consumption for water and \$4.62 per 1,000 gallons of consumption for sewer (\$8.12 total)
 4. Effective January 1, 2021, the consumer shall pay \$3.67 per 1,000 gallons of consumption for water and \$4.85 per 1,000 gallons of consumption for sewer (\$8.52 total)
 5. Effective January 1, 2022, the consumer shall pay \$3.85 per 1,000 gallons of consumption for water and \$5.09 per 1,000 gallons of consumption for sewer (\$8.94 total)
- The rate structure for irrigation meters has also changed. Currently, there is no difference in the rate charged for irrigation water. The new rates for irrigation metered water use have been increased to encourage water conservation. Consumers have greater control over how much watering is done and can minimize the increased rate by reducing watering. Rates to be charged for water consumption use through a secondary irrigation meter are as follows:
 1. Effective May 1, 2018 the consumer shall pay \$6.34 per 1,000 gallons of consumption
 2. Effective January 1, 2019 the consumer shall pay \$6.66 per 1,000 gallons of consumption
 3. Effective January 1, 2020 the consumer shall pay \$7.00 per 1,000 gallons of consumption
 4. Effective January 1, 2021 the consumer shall pay \$7.34 per 1,000 gallons of consumption
 5. Effective January 1, 2022 the consumer shall pay \$7.70 per 1,000 gallons of consumption

- A rate review of 16 neighboring communities (including Huntley) shows that the Village has and will continue to have a comparatively low rate structure, even after the rate adjustment.
- Based on the rate review the Village currently ranks 16 out of 16 for a typical residential user at \$425.10 annual for the usage of 60,000 gallons. This is \$268.00 or 39% less than the average.
- An analysis of where the Village would rank in 2022 puts the Village 15th out of 16 at \$595.32 annually for the usage of 60,000 gallons. This is \$159.73 or 21% less than the projected average.

Below are examples of a minimum residential bi-monthly bill, bi-monthly bill for average usage of 10,000 gallons, and a bi-monthly irrigation bill for average usage of 10,000 gallons. The residential cross-connection fee of \$0.75 per bi-monthly bill remains the same and is included in the rates below.

Minimum Bi-Monthly Bill Example - 3,000 gallons

	<u>Current</u>	<u>5/1/2018</u>	<u>1/1/2019</u>	<u>1/1/2020</u>	<u>1/1/2021</u>	<u>1/1/2022</u>
Rate	\$28.79	\$22.83	\$23.94	\$25.08	\$26.31	\$27.60
Flat Fee	\$0.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00
Total	\$28.79	\$31.83	\$32.94	\$34.08	\$35.31	\$36.60
Difference		\$3.04	\$1.11	\$1.14	\$1.23	\$1.29

Average Bi-Monthly Bill Example - 10,000 gallons

	<u>Current</u>	<u>5/1/2018</u>	<u>1/1/2019</u>	<u>1/1/2020</u>	<u>1/1/2021</u>	<u>1/1/2022</u>
Rate	\$70.85	\$74.36	\$78.04	\$81.90	\$85.96	\$90.22
Flat Fee	\$0.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00
Total	\$70.85	\$83.36	\$87.04	\$90.90	\$94.96	\$99.22
Difference		\$12.51	\$3.68	\$3.86	\$4.06	\$4.26

Irrigation Meter Average Bi-Monthly Bill Example - 10,000 gallons*

	<u>Current</u>	<u>5/1/2018</u>	<u>1/1/2019</u>	<u>1/1/2020</u>	<u>1/1/2021</u>	<u>1/1/2022</u>
Water Rate	\$30.85	\$64.17	\$67.34	\$70.75	\$74.17	\$77.75
Difference		\$33.32	\$3.17	\$3.41	\$3.42	\$3.58

*Although increased, the irrigation water rate remains less than the combined water and sewer rate

The 2016-2020 Strategic Plan approved by the Village Board on October 8, 2015, identifies “Promote Sound Financial Management and Fiscal Sustainability” as a priority, and “review water/sewer rate structure, including use and impact of second water meters” as an objective. A second objective is to “identify sustainable revenue sources to meet the future demands of maintaining, improving and replacing the Village’s infrastructure”.