

VILLAGE OF LA GRANGE
Department of Public Works

EXECUTIVE COMMITTEE REPORT

TO: Village President, Village Board of Trustees
Village Clerk and Village Attorney

FROM: Robert Pilipiszyn, Village Manager
Ryan Gillingham, Director of Public Works
Lou Cipparrone, Finance Director

DATE: February 9, 2008

RE: **WATER FUND -- STAFF RECOMMENDATIONS FY 2009-10**

WATER RATE INCREASE

It is the Village's policy to "pass on" water rate increases from the Village of McCook which supplies water to the Village. As reported during last year's budget workshop, the Village of McCook is increasing water rates by 12.5 percent each year for three consecutive years (beginning in January 1, 2008) due to increases in Lake Michigan water rates from the City of Chicago. The Village had absorbed previous water rate increases from McCook with adequate reserves in the Water Fund. However, due to these substantial increases, the Water Fund cannot fully absorb the additional cost. In addition, the Water Fund has been active in the replacement of water mains as part of the neighborhood street replacement program and where deficiencies within the system were known to exist.

In order to maintain adequate reserves, continue with replacement of our aging infrastructure and to compensate for the increase in the wholesale rate from the City of Chicago, the Village Board approved rate increases of 10 percent each year for three years. The second of the three rate increases will be effective with the start of the new fiscal year, beginning May 1, 2009. It is estimated that these increases will cost homeowners approximately \$50 annually.

The Water Fund was established as an enterprise fund to finance the cost of operating, maintaining and replacing the Village's water distribution system. Our goal is to maintain reserves at about 50% of operating expenses.

Sewer service fees are based on the cubic feet of water used by a property owner multiplied by a separate sewer rate. Therefore, an increase in the water rate does not affect sewer revenues.

WATER MAINS

The following table reflects the proposed five-year water main replacement schedule:

YEAR	LOCATION	COST
2009-10	Western Springs–Emergency Inter-Connect Bluff Avenue Project – Stage I	\$25,000
		<u>119,000</u>
		\$144,000
2010-11	Bluff Avenue Project (Stage III)	\$442,000
2011-12	No scheduled projects	\$0
2012-13	To be determined	\$300,000
2013-14	To be determined	\$300,000

FY 2009-10 includes a new emergency water system inter-connection with Western Springs. This will provide the Village with an alternative source of water should there be a disruption of water supply provided through the Village of McCook, as Western Springs is on well water. This project has been delayed one year due to the extensive review process involving several different agencies including the City of Chicago, Village of Western Springs, and Village of McCook.

This new emergency inter-connection will replace the existing one at 50th Street and Willow Springs Road. The current inter-connect is old (circa 1935), functionally obsolete, has no back-flow protection to safeguard against cross-contamination, and has not been well-maintained.

Scheduled as part of the Bluff Avenue Project in FY 2009-10 is the replacement of aging water main throughout the Stage I corridor. Funds are budgeted within the Water Fund in the amount of \$119,000 for this project as water main replacement is not eligible for STP funding. The replacement of the water main will be coordinated with the street project. Funds are again budgeted in FY 2010-11 for the replacement of aging water main throughout the Stage III corridor.

More specific water main replacement projects for future years will be scheduled in conjunction with the Street Condition Survey. However, we would like to note the water main which runs the entire length of the 47th Street corridor is an “identified, but not yet budgeted” project. The estimated replacement cost exceeds \$1.0 million. Funding and timing of the replacement of this water main, which has experienced frequent breaks, is intended to coincide with the reconstruction of the roadway and jurisdictional transfer from IDOT to the Village.

WATER METERS

In FY 2009-10, the majority of water meters in the Village will be 20 to 25 years old and have exceeded their life expectancy. It will be time to put into place a meter exchange program for residential meters. Previously, it was proposed to complete this program over a six-year period

on a pay-as-you-go basis with \$300,000 budgeted annually, utilizing Village staff to install the water meters.

However, this funding approach would impede our ability to provide for scheduled water main replacement over this extended time period. During FY 2009-10, Village staff will be analyzing, identifying, and recommending to the Village Board options for water meter and water main replacement programs.

LEAK SURVEY

Each year the Village performs a leak survey with electronic equipment in order to detect possible water leakage on hydrants, valves, mains and services. This program helps the Village maintain its water accountability (pumped vs. billed ratio) within the water distribution system. This year we found several large leaks as part of the program, and they were subsequently repaired. This pro-active approach has resulted in some increase in water accountability this past year. Unfortunately, these surveys are snapshots of the system at the time they are conducted and cannot effectively anticipate the periodic main breaks of consequence which tend to occur directionally at the temperature of freezing. We propose to continue with the annual leak study in order to improve accountability and detect leaks whenever possible. In an effort to improve detection, we are going to explore the feasibility of conducting this survey during the winter months.