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# Memo

**To: Larry Noller**

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**From: Jim Sparber**

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**Date: 10-10-2017**

**Project No.: 161241.40**

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**Subject: Updated projections – Water & Sewer Rate Study**

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Since the completion of the Water & Sewer rate study, the Village has identified a significant change in the projected water consumption with one of the major system users. The user identified and repaired a leak which occurred on the customer side of the meter. The estimated volume of water lost through this leak is 30 million gallons a year or approximately 8% of the total volume of water sold in an average year.

In discussions with staff, we have also evaluated the assumption that total water consumption will continue to decline at approximately 3.5% annually throughout the 10 year study period. The assumptions in our original study, while conservative, would reduce the per capita usage rate to below 50 gallons per capita per day in the final four years of the study period. Data for consumption patterns in northeastern Illinois communities shows that very few communities have a per capita consumption that is below the 50 gallon per day threshold. The demographics of the La Grange Park community would not be typical of these types of communities and therefore we recommend that the per capita consumption, and consequently the total volume of water sold, remain constant once the 50 gallon per day threshold is met. We are projecting that this will occur in 2023.

With the significant reduction in water sales due to the repaired customer leak and the less conservative assumption regarding declining water usage in the out years of the study period, the recommended water and sewer rates have been revised as follows:

	PROPOSED RATES			QUARTERLY BILL	
	Water (HCF)	Sewer (HCF)	Total (HCF)	Minimum (600 CF)	Average (1,400 CF)
<b>FY 2016/17</b>	\$ 7.34	\$ 2.21	\$ 9.55	\$ 57.30	\$ 133.70
<b>FY 2017/18</b>	\$ 7.71	\$ 2.32	\$ 10.03	\$ 60.18	\$ 140.42
<b>FY 2018/19</b>	\$ 10.00	\$ 2.75	\$ 12.75	\$ 76.50	\$ 178.50
<b>FY 2019/20</b>	\$ 11.50	\$ 2.95	\$ 14.45	\$ 86.70	\$ 202.30
<b>FY 2020/21</b>	\$ 12.75	\$ 3.15	\$ 15.90	\$ 95.40	\$ 222.60
<b>FY 2021/22</b>	\$ 13.00	\$ 3.30	\$ 16.30	\$ 97.80	\$ 228.20
<b>FY 2022/23</b>	\$ 13.25	\$ 3.45	\$ 16.70	\$ 100.20	\$ 233.80
<b>FY 2023/24</b>	\$ 13.50	\$ 3.85	\$ 17.35	\$ 104.10	\$ 242.90
<b>FY 2024/25</b>	\$ 14.25	\$ 3.95	\$ 18.20	\$ 109.20	\$ 254.80
<b>FY 2025/26</b>	\$ 15.00	\$ 4.05	\$ 19.05	\$ 114.30	\$ 266.70
<b>FY 2026/27</b>	\$ 15.50	\$ 4.15	\$ 19.65	\$ 117.90	\$ 275.10
<b>FY 2027/28</b>	\$ 16.00	\$ 4.25	\$ 20.25	\$ 121.50	\$ 283.50

For comparison purposes, the table below shows the total cost of water and sewer per 100 cubic feet for the revised rates and the originally recommended rates. As the table shows, the loss in water revenue from the repaired leak increases the rates by an average of \$1.00 per 100 cubic feet.

	REVISED RATES	ORIGINAL RATES	DIFFERENCE
	Water & Sewer (HCF)	Water & Sewer (HCF)	
<b>FY 2016/17</b>	\$ 9.55	\$ 9.55	\$ -
<b>FY 2017/18</b>	\$ 10.03	\$ 10.03	\$ -
<b>FY 2018/19</b>	\$ 12.75	\$ 11.75	\$ 1.00
<b>FY 2019/20</b>	\$ 14.45	\$ 13.45	\$ 1.00
<b>FY 2020/21</b>	\$ 15.90	\$ 14.90	\$ 1.00
<b>FY 2021/22</b>	\$ 16.30	\$ 15.30	\$ 1.00
<b>FY 2022/23</b>	\$ 16.70	\$ 15.70	\$ 1.00
<b>FY 2023/24</b>	\$ 17.35	\$ 16.35	\$ 1.00
<b>FY 2024/25</b>	\$ 18.20	\$ 17.20	\$ 1.00
<b>FY 2025/26</b>	\$ 19.05	\$ 18.05	\$ 1.00
<b>FY 2026/27</b>	\$ 19.65	\$ 19.00	\$ 0.65
<b>FY 2027/28</b>	\$ 20.25	\$ 20.00	\$ 0.25

Baxter & Woodman recommends adopting the revised rates to continue to maintain a financially stable water and sewer fund while investing in the ongoing maintenance and replacement of the aging infrastructure.

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