

WATER AND SANITARY SEWER FUND REVENUE BUDGET FOOTNOTES

1) Metered Revenue:

FY05 Estimate (Water = \$4,575,000 / Sanitary Sewer = \$3,380,000) - Estimated revenues are below the FY05 budgeted amount due to lower than average gallons billed. Total gallons billed were about 5% below expectations for the year.

FY06 Projection (Water = \$4,740,000 / Sanitary Sewer = \$3,710,000) - Projected revenues for metered revenue for water and sanitary sewer are based on estimated water purchased from the DuPage Water Commission of 1.03 billion gallons. We typically bill about 92% of the water we purchase (a portion of the water we purchase is unmetered or otherwise unaccounted for and is unbilled; examples include hydrant flushing, system leaks, meter accuracy). Using a 92% of water purchased rate, we would expect to bill 948,000,000 gallons in FY06.

Water = 948,000 X \$5.00*/1000 gal = approx. \$4,740,000

Sanitary Sewer = 948,000 X \$3.91/1000 gal = approx. \$3,710,000

* The current rate for in-town customers (eff. 5/1/04) is \$4.92/1,000 gal. The average rate shown above is \$5.00/1,000 gal to account for water sales at \$7.38/1,000 gal to approximately 150 non-resident accounts who are charged 150% of the resident/in-town rate. Non-resident sanitary sewer customers are charged 105% of resident rates (due to Federal grant requirements related to Glenbard Wastewater Authority).

Note: On April 28, 2003, the Village Board approved a two-step rate increase in water and sanitary sewer charges based on recommendations presented by our Capital Improvements Commission (CIC). This was the first rate increase in the previous 9 year period. In early 2003, the CIC completed a review of the long-term capital needs of the Village's aging, 90 year old water and sanitary sewer system which resulted in recommending a detailed 10-year capital improvement program. Rate increases were recommended to provide funding to pay for:

- Water and sanitary sewer system improvements associated with the 20 year street and storm sewer improvement program.
- Capital improvements due to recommendations from our water system master plan (12/02), and sanitary sewer evaluation study (SSES) (12/02).
- Increased operating costs of the fund (The Consumer Price Index has increased by 22% in the last nine years, the last time water and sanitary sewer rates were increased).

The approved, initial two-step rate increase became effective with utility bills prepared beginning July 1, 2003 (15%) and May 1, 2004 (7.5%). The third, 5% rate

adjustment was planned for May, 2006, but is deferrable for 1 or 2 years because the DuPage Water Commission reduced their wholesale water rate to \$1.45 per 1,000 gallons, which reduced our annual water purchase cost by \$200,000. No tax dollars are used to pay for the upkeep of the water and sanitary sewer systems, but are used to pay part of annual repayments for capital improvement bonds approved in 1987.

- 2) **Water Main Construction Reimbursements: (\$100,000)** As the Village expands its boundaries into unincorporated areas over time, it seeks to recoup the initial capital costs of extending water and sanitary sewer services to the immediately benefited property owners. Planned reimbursements for FY05 and FY06 include:

<u>Project Location</u>	<u>FY05 Estimate</u>	<u>FY06 Budget</u>
Clifton / Ellynwood / Scott Valley Road	\$37,000	\$24,000
Arboretum Estates East	8,000	8,000
	<u>15,000</u>	<u>68,000</u>
Total	<u>\$60,000</u>	<u>\$100,000</u>

- 3) **Water Connection Fees: (\$150,000)** A fee is charged for service connections to Village water mains based on the size of the water service installed. Revenues projected for FY06 include anticipated connections from recent annexations in the Valley Road and Arboretum East subdivisions.
- 4) **Interest Income: (\$15,000)** – Based on average cash balances of \$1 million earning interest at 3% (\$30,000) and split evenly between the Water and Sanitary Sewer Divisions (\$15,000 each).
- 5) **Community Development Block Grant: (FY04 Actual - \$212,000)** During FY04, the Village received funding from a community development block grant in order to extend water and sanitary sewer lines to 21 newly annexed properties along the Valley Road area east of I-355. The block grant paid for 75% of construction costs with most of the remaining costs to be contributed by the property owners (\$470 per year for 10 years) by June 30, 2012. Total construction costs amount to \$282,000 with 75% or \$212,000 reimbursed by the grant.
- 6) **IEPA Loan Proceeds: (\$1,030,000)** A low interest loan will be pursued through the Illinois EPA’s revolving loan program. Loan proceeds will pay for the estimated \$1,030,000 construction cost of the East Hill Avenue water main extension project.
- 7) **Illinois American Water: (\$500,000)** The Illinois American Water Company (formerly Citizens Utilities) is a privately owned utility company that serves an area south of Butterfield Road (such as the Valley View subdivision), and an area east of the river, north of Butterfield Road. Illinois American is a sanitary sewer customer of the Village of Glen Ellyn whose sewage is treated by, and represents about 9% of the total sewage flow treated by the

Glenbard Wastewater Authority (GWA). Illinois American pays Glen Ellyn fees for sewage treatment at a rate based on the Wastewater Authority's operating budget and maintenance costs of the South Regional Interceptor which is the transmission line to the GWA.

- 8) **DuPage County: (\$310,000)** There are some 480 unincorporated addresses north of Glen Ellyn which are on the DuPage County sanitary sewer collection and utility billing system but whose sanitary sewage is treated by the Glenbard Wastewater Authority. DuPage County remits amounts billed for sanitary sewer service to the Village on a bi-monthly basis. The increase projected for FY05 reflects the scheduled increase in the Village's sanitary sewer rates effective with bills issued in May, 2004.
- 9) **Sanitary Sewer Repair Reimbursement: (\$200,000)** This account is designed to assist residents with a 50-50 share cost of repairs to their private sanitary service lines under a street or within 10 feet of the edge of a street. Each village utility customer address with a sanitary sewer charge pays \$2 per month on their Village utility bill.
- 10) **GWA Rebate: FY05 Estimate (\$449,000)** - The Village jointly established the Glenbard Wastewater Authority (GWA) with the Village of Lombard through an intergovernmental agreement in 1977. Each year, the two Villages contribute the budgeted operating and capital expenditures of the Authority based on each community's percentage share of wastewater flows during the prior two calendar years. Following the conclusion of each fiscal year, an amount due to or from each Village is computed based on the results of the Authority's independent annual audit. For FY04, the audit determined that both partners contributed funds which were in excess of actual operating expenditures for the fiscal year. The GWA Executive Oversight Committee (EOC) which is composed of staff and elected representatives of both communities, decided in November, 2004 to refund the amounts over-contributed for FY04 to each Village. Glen Ellyn's share of this distribution for the fiscal year ended April 30, 2004 was **\$44,000**.

In March, 2005 the GWA EOC reviewed the cash position of its Operations and Maintenance Fund and determined that accumulated cash balances exceeded the Authority's minimum cash reserve policy. As a result, the EOC in March, 2005 authorized a distribution of accumulated cash reserve balances totaling \$852,000 to be distributed to the Villages, based on their respective wastewater flow percentage for the previous four year period. Glen Ellyn's share of this distribution was **\$405,000**.

FY06 Budget (\$70,000) The Glenbard Wastewater Authority is anticipating a budget surplus of \$145,000 for their year ended April 30, 2005. Of this amount, Glen Ellyn would receive about 48%, based on its wastewater flow share, as a rebate to the GWA partners in FY06.

- 11) **IFT / MFT Fund: (\$50,000)** - Reimbursement from the Motor Fuel Tax Fund for storm sewer cleaning costs incurred by the Sanitary Sewer Division.