

# *Village of Carol Stream*

## **SPECIAL WORKSHOP MEETING**

**MONDAY, APRIL 5, 2021**

**IMMEDIATELY FOLLOWING 6:00 P.M. VILLAGE BOARD MEETING  
HYBRID MEETING – IN PERSON AND ZOOM**

**GREGORY J. BIELAWSKI MUNICIPAL CENTER  
500 N. GARY AVENUE  
CAROL STREAM, ILLINOIS 60188**

**BOARD ROOM**

### **AGENDA**

1. CALL TO ORDER
2. ATTENDANCE
3. FY 22 BUDGET WORKSHOP #4 – WATER & SEWER FUND AND OTHER FUNDS
4. OTHER BUSINESS
5. ADJOURNMENT



*Village of Carol Stream*

FY22

Budget Workshop #4

**WATER & SEWER FUND**

**OTHER FUNDS**

April 5, 2021

# Agenda

## Water and Sewer Fund and Other Funds

- Water/Sewer Fund
  - Review of Historical Metrics
  - Current Budget Year FY21
  - Proposed FY22 Budget
    - Revenue / rate assumptions
    - Expenses and significant areas of focus for FY22
- Other Funds
  - Equipment Replacement Fund
  - State and Federal Asset Seizure Funds
  - Police Pension Fund
  - North Avenue / Schmale Road TIF Fund

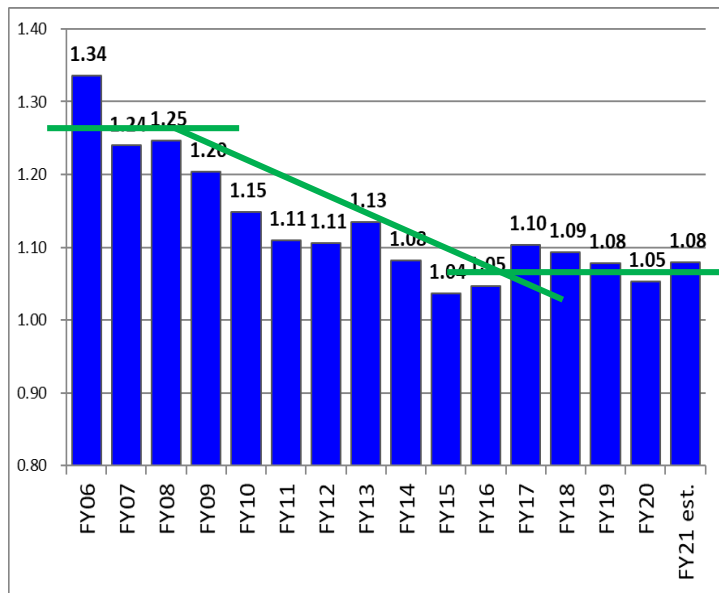


# Water & Sewer Fund Review of Historical Metrics

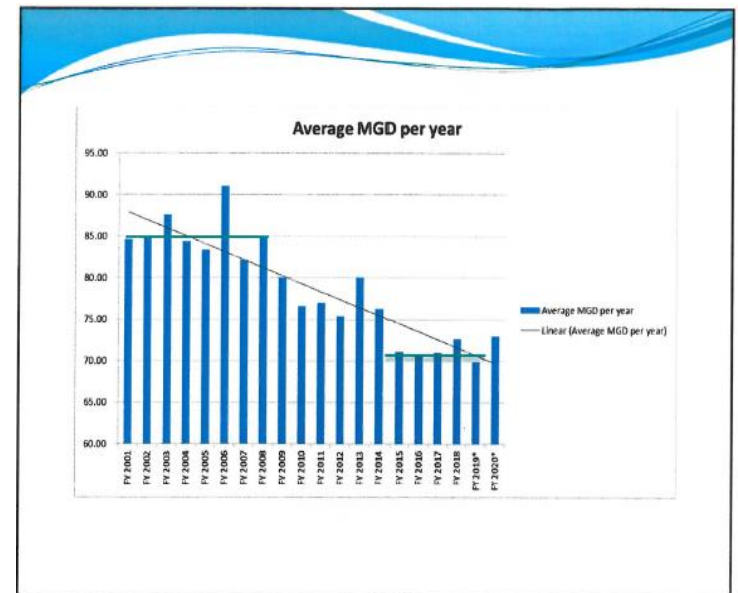
# Water & Sewer Fund Review of Historical Metrics

- Billed consumption has stabilized over the last 5-6 years.
- Demand for water in Carol Stream follows the trend of all DuPage Water Commission members over the past 15-20 years.

## Carol Stream



## ALL DWC Members

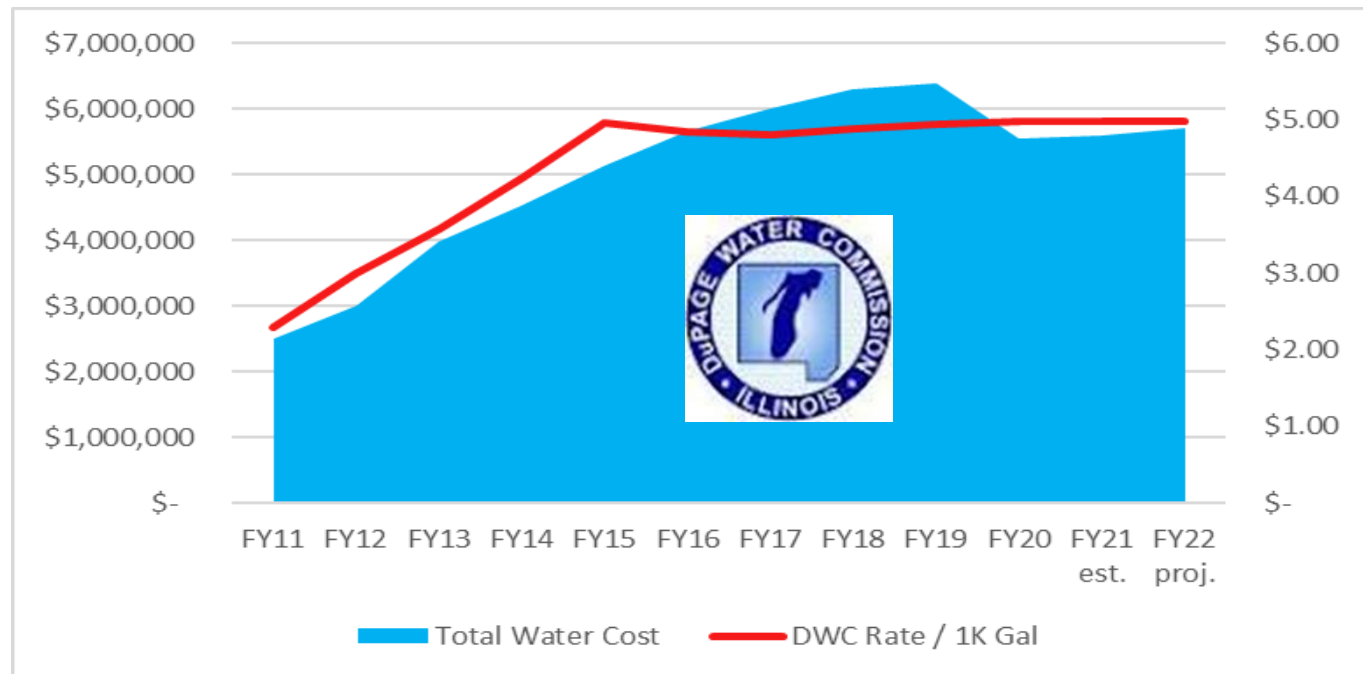


# Water & Sewer Fund

## Review of Historical Metrics

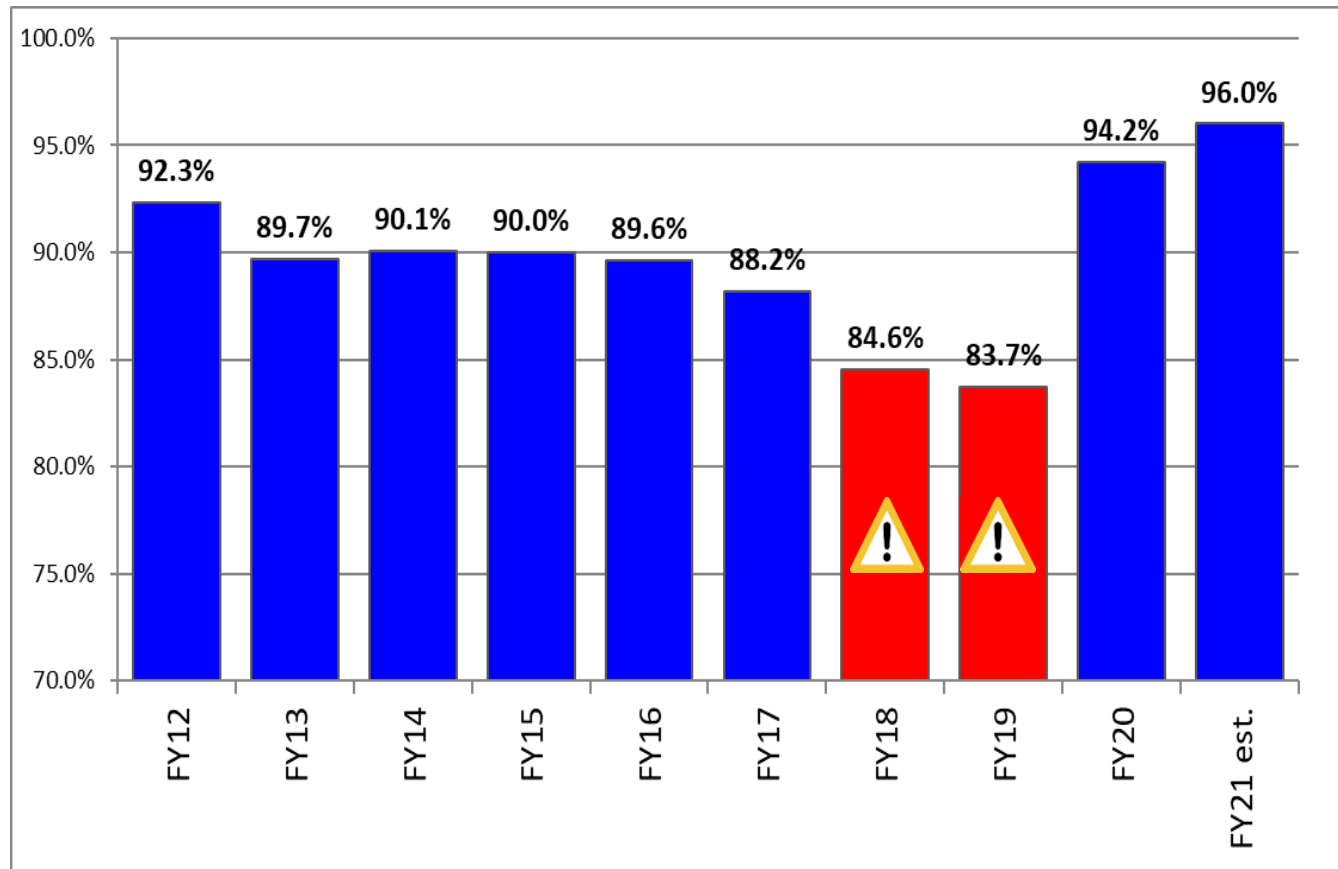
- The Village's cost of purchasing Lake Michigan water through the DuPage Water Commission (DWC) has stabilized since FY15 following many years of steep increases by the City of Chicago.

Historical Water Purchase Costs  
and DuPage Water Commission Member Rates



# Water & Sewer Fund Review of Historical Metrics

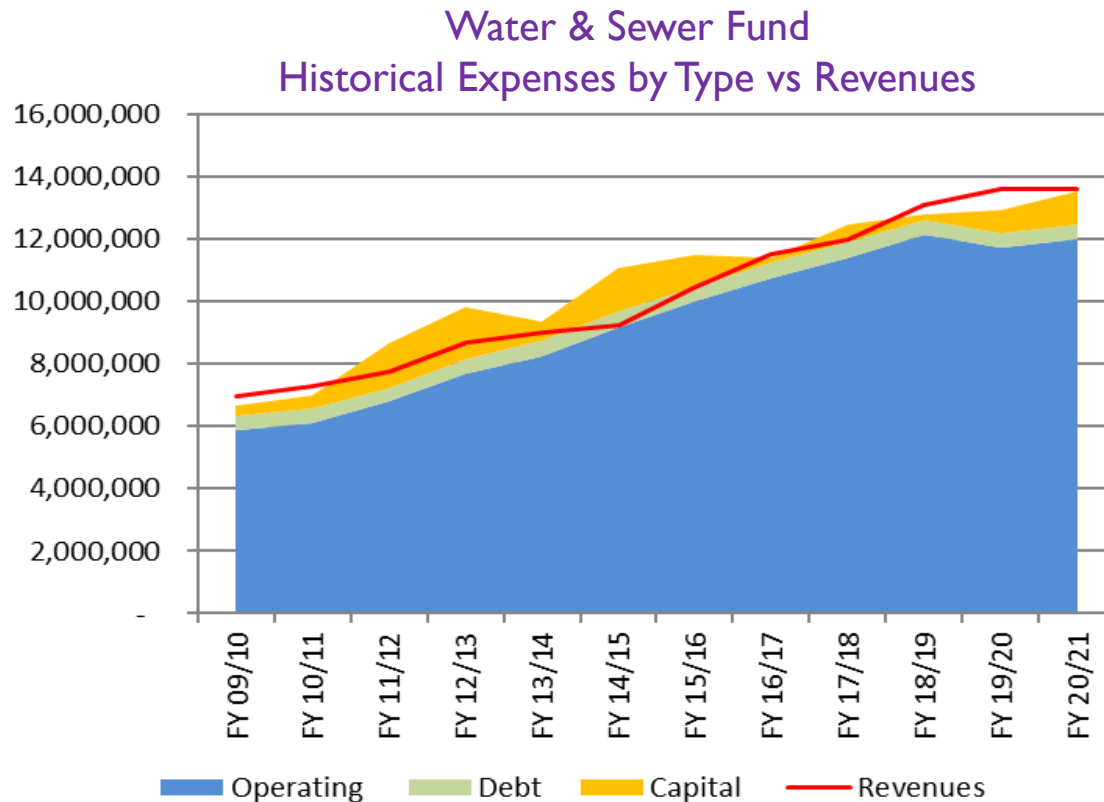
Gallons Billed to Customers  
as a Percentage of Total Water Purchases



# Water & Sewer Fund

## Review of Historical Metrics

- Rate adjustments over the last 5 years have improved operating expense coverage and we are now banking some funds for future capital improvements.







# Current Budget Year FY21

# Water & Sewer Fund Current Year FY21

## FY21 REVENUES

- Total water purchases from the DuPage Water Commission are estimated to increase by 0.6% compared to the prior year FY20.
- Billed consumption for FY21 is projected to increase by 2.5% compared to FY20.
- Total billed **water revenues** are projected to increase by \$343,000 or 3.9% over FY20 actual due to 2.5% increase in billed consumption plus a 2.9% May 1, 2020 rate increase.
- Total billed **sewer revenues** are projected to increase by \$67,000 or 1.7% over FY20 actual due to increase in billed water consumption (there was no sewer rate increase on May 1, 2020).
- **Total fund revenues** estimated for FY21 are nearly identical to FY20 actual revenues. This is mostly the result of a sharp decline in interest income and to a lesser extent some penalty and shut-off fees that were waived during periods in the pandemic during FY21.

# Water & Sewer Fund Current Year FY21

## FY21 EXPENSES

- Total projected FY21 operating expenses (excluding capital) are \$614,205 or 4.7% below budget. Most of the reduced expenditures below budget are the result of deferral of the Lies Road water tower maintenance project and reduced DWC water purchases.
- Total FY21 expenditures (including capital) are \$5.5 million below budget due to the rebidding of the WRC Dewatering Improvements Project and a late start to the Schmale/Geneva/St. Charles water main project. (most of these costs are re-budgeted in FY22).
- A small Fund surplus of approximately \$48,000 is projected by the end of FY21 on April 30, 2021.

# Water & Sewer Fund

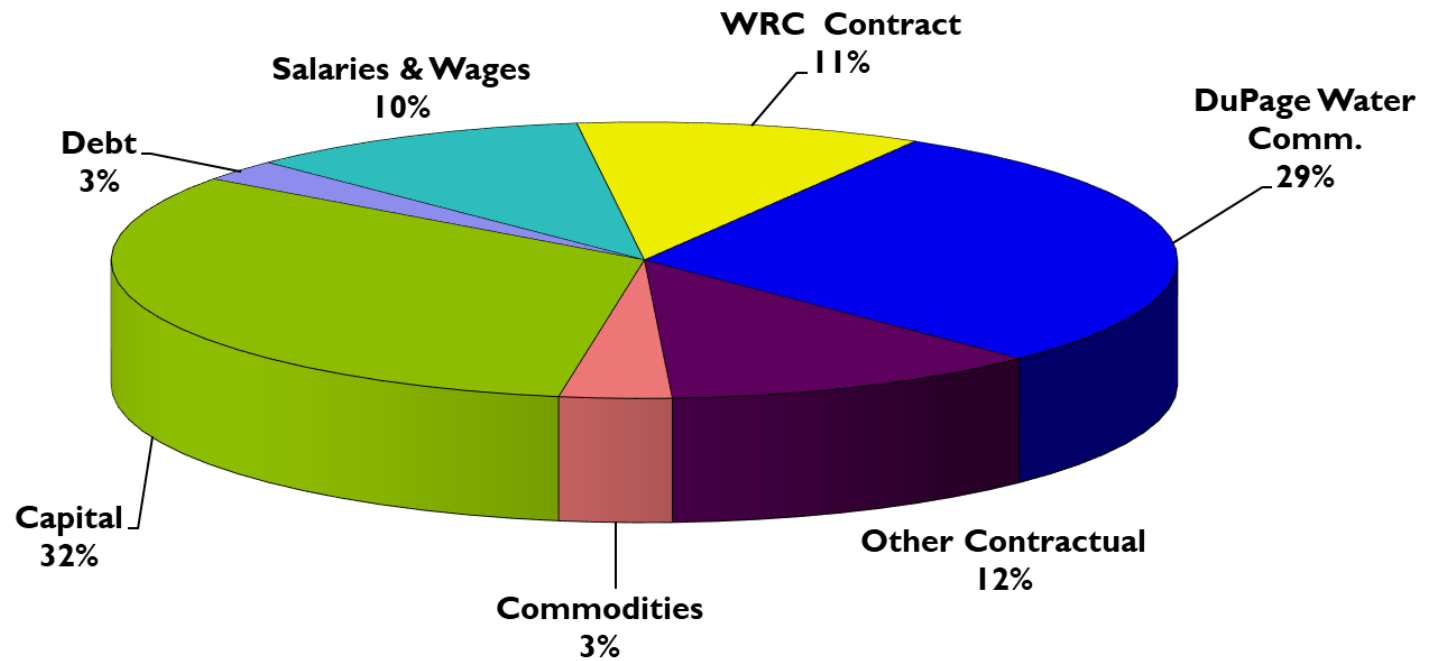
## Current Year FY21

|                               | Actual<br>FY19/20           | Revised<br>Budget<br>FY20/21 | Estimated<br>FY20/21        | Above<br>(Below)<br>Budget   |
|-------------------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|
| <b>REVENUES</b>               | \$ 13,579,814               | \$ 13,530,000                | \$ 13,575,000               | \$ 45,000                    |
| <b>OPERATING COSTS</b>        |                             |                              |                             |                              |
| <b>Salaries &amp; Wages</b>   | 1,867,648                   | 1,990,555                    | 1,883,635                   | (106,920)                    |
| <b>Contractual Services</b>   |                             |                              |                             |                              |
| Water Commission              | 5,554,581                   | 5,715,000                    | 5,588,000                   | (127,000)                    |
| WRC Contract                  | 1,853,401                   | 1,945,000                    | 1,925,757                   | (19,243)                     |
| All Other                     | <u>1,780,099</u>            | <u>2,255,849</u>             | <u>1,929,208</u>            | <u>(326,641)</u>             |
| Total Contractual             | 9,188,081                   | 9,915,849                    | 9,442,965                   | (472,884)                    |
| <b>Commodities</b>            | 643,197                     | 688,531                      | 645,130                     | (43,401)                     |
| <b>Debt</b>                   | <u>492,525</u>              | <u>483,579</u>               | <u>492,579</u>              | <u>9,000</u>                 |
| <b>TOTAL OPERATING</b>        | <b>12,191,451</b>           | <b>13,078,514</b>            | <b>12,464,309</b>           | <b>(614,205)</b>             |
| <b>Net G/L Before Capital</b> | <u><b>1,388,363</b></u>     | <u><b>451,486</b></u>        | <u><b>1,110,691</b></u>     | <u><b>659,205</b></u>        |
| <b>CAPITAL COSTS</b>          | <u>747,766</u>              | <u>5,984,000</u>             | <u>1,062,208</u>            | <u>(4,921,792)</u>           |
| Total Expenses                | <u><u>\$ 12,939,217</u></u> | <u><u>\$ 19,062,514</u></u>  | <u><u>\$ 13,526,517</u></u> | <u><u>\$ (5,535,997)</u></u> |
| <b>Fund Income/(Loss)</b>     | \$ 640,597                  | \$ (5,532,514)               | \$ 48,483                   |                              |



# Proposed FY22 Budget

# Village of Carol Stream Water & Sewer Fund Proposed Expenses by Category FY22



# Water & Sewer Fund

## Proposed FY22

### REVENUES

Assumptions used in projecting revenues:

1. Projecting billed water consumption at same level as FY21 estimate (1.08 billion gal.).
2. Current water and sewer rates provide sufficient operating expense coverage for FY22 proposed budget and also provide some savings for future capital investment, therefore no rate increase is proposed for May 1, 2021.
3. Carol Stream water and sewer rates continue to be at the lower end of our DuPage Water Commission peers (updated rate survey currently in process).

# Water & Sewer Fund – FY22

## OPERATING EXPENSES

- Net Operating Expense increase for FY22 at 1.4% over FY21 budget.
- Total FY22 Budget increase (including capital projects) of 3.0% over FY21 budget.
- Net use of Cash Reserves of \$6.04M in FY22, all for capital improvement projects.



# Water & Sewer Fund – FY22

## OPERATING EXPENSES

- Salary & Wages - increase of 3.3% compared to FY21 budget is consistent with current collective bargaining agreement and some position turnover savings.
- Water Purchases - the DuPage Water Commission (DWC) is planning to absorb a small rate increase from Chicago (4 cents) and keep their rates to member communities unchanged for a third consecutive year.
- WRC Contract - Amounts over the base contract adjustment of 2.95% relate to a one-time increase for temporary dewatering costs during the WRC Dewatering Replacement Project.

# Water & Sewer Fund – FY22

## NOTABLE OPERATING EXPENSE

### Lies Rd. Tower Painting & Repairs (\$600,000)

Includes cleaning and painting (interior and exterior), repair welds, replace interior lighting, install cathodic protection, install ladder, install mixing system.



**Village of Carol Stream**  
**Draft Water & Sewer Fund Budget Expenditures**  
**FY22 Proposed Compared to FY21 Budget**

|                               | <b>Revised<br/>Budget<br/>FY20/21</b> | <b>Estimated<br/>FY20/21</b> | <b>Proposed<br/>Budget<br/>FY21/22</b> | <b>FY21/22 proposed to<br/>FY20/21 Budget</b> |             |
|-------------------------------|---------------------------------------|------------------------------|--|---|-------------|
| <b>REVENUES</b>               | \$ 13,530,000                         | \$ 13,575,000                | \$ 13,590,000                          | \$ 60,000                                     | 0.4%        |
| <b>OPERATING COSTS</b>        |                                       |                              |  |   |             |
| <b>Salaries &amp; Wages</b>   | 1,990,555                             | 1,883,635                    | 2,055,428                              | 64,873  | 3.3%        |
| <b>Contractual Services</b>   |                                       |                              |  |   |             |
| Water Commission              | 5,715,000                             | 5,588,000                    | 5,715,000                              | -   | 0.0%        |
| WRC Contract                  | 1,945,000                             | 1,925,757                    | 2,066,050                              | 121,050                                       | 6.2%        |
| All Other                     | <u>2,255,849</u>                      | <u>1,929,208</u>             | <u>2,268,020</u>                       | <u>12,171</u>                                 | 0.5%        |
| Total Contractual             | 9,915,849                             | 9,442,965                    | 10,049,070                             | 133,221                                       | 1.3%        |
| <b>Commodities</b>            | 688,531                               | 645,130                      | 666,806                                | (21,725)                                      | -3.2%       |
| <b>Debt</b>                   | <u>483,579</u>                        | <u>492,579</u>               | <u>491,598</u>                         | <u>8,019</u>                                  | 1.7%        |
| <b>TOTAL OPERATING</b>        | <b>13,078,514</b>                     | <b>12,464,309</b>            | <b>13,262,902</b>                      | 184,388                                       | <b>1.4%</b> |
| <b>Net G/L Before Capital</b> | <u>451,486</u>                        | <u>1,110,691</u>             | <u>327,098</u>                         |   |             |
| <b>CAPITAL COSTS</b>          | <u>5,984,000</u>                      | <u>1,062,208</u>             | <u>6,366,000</u>                       | 382,000                                       | 6.4%        |
| Total Expenses                | <u>\$ 19,062,514</u>                  | <u>\$ 13,526,517</u>         | <u>\$ 19,628,902</u>                   | 566,388                                       | 3.0%        |
| <b>Fund Income/(Loss)</b>     | <b>\$ (5,532,514)</b>                 | <b>\$ 48,483</b>             | <b>\$ (6,038,902)</b>                  |   |             |

# Water & Sewer Fund – FY22

## CAPITAL EXPENSES

### Water System

|   |           |                  |
|---|-----------|------------------|
| Schmale/Geneva/St. Charles Water Main Replacement | \$        | 2,719,000 *      |
| Kuhn Rd. Pump Station Repairs/Mixer               |           | 160,000          |
| Chorine Injection Systems                         |           | 100,000 *        |
| Gerzevske Reservoir Mixer                         |           | 60,000           |
| Well Retirements                                  |           | <u>40,000</u>    |
| <b>Total Water</b>                                | <b>\$</b> | <b>3,079,000</b> |

### Sewer System

|   |           |                         |
|---|-----------|-------------------------|
| WRC Sludge Dewatering System Improvements | \$        | 2,700,000 *             |
| Gary Avenue Sanitary Sewer Bypass         |           | 300,000 *               |
| WRC SCADA Upgrade                         |           | 237,000                 |
| Sanitary Sewer Manhole Repairs            |           | <u>50,000</u>           |
| <b>Total Sewer</b>                        | <b>\$</b> | <b><u>3,287,000</u></b> |


|                           |           |                                |
|---------------------------|-----------|--------------------------------|
| Total Capital Improvement | <b>\$</b> | <b><u><u>6,366,000</u></u></b> |
|---------------------------|-----------|--------------------------------|

\* Re-budgeted from FY21

## Water & Sewer Fund – FY22 AMR Replacement Program Update

- AMRs (attached on top of water meter) that transmit meter readings via radio wave to collection equipment.
- FY19 (August 2018) began program for replacement of approximately 10,800 AMR's over 3+ year time frame using internal staff to complete.
- 4,447 replaced through 4/30/2020 (21 months).
- 1,383 replaced during FY21 (progress slowed due to pandemic).
- 2,000 estimated installs for FY22 (72.5% completion by 4/30/2022).





# EQUIPMENT REPLACEMENT FUND

# Equipment Replacement Fund

- Newly established in FY21.
- An internal service fund intended to accumulate funds for major Village equipment and vehicle replacements as the assets age, rather than when they have reached the end of their service life.
- Begin funding estimated replacement cost over projected service life in year after purchase.
- Ensures funds are available when vehicles require replacement.
- Lower-cost alternative to capital lease financing.
- Smooths annual operating costs. Fewer budgetary “peaks and valleys”.
- FY22 contributions totaling \$619,542 between the General Fund and Water& Sewer Fund were made in FY21 from known budget surplus.



# STATE AND FEDERAL ASSET SEIZURE FUNDS



# State and Federal Asset Seizure Funds

- Newly established in FY20.
- Accounts for receipt and disposition of State and Federal asset forfeitures in cases where CSPD provides assistance.
- Activities formerly accounted for within General Fund, now separated into distinct funds for improved transparency and State and Federal compliance reporting.
- Funds must be spent on authorized law enforcement purposes.
- Notable current year (FY21) purchases:
  - I Police Vehicle.
  - Built-out computer lab for the department's RCFL (Regional Computer Forensics Laboratory) Investigator.
  - Canine Support / Supplies.



# POLICE PENSION FUND

# Police Pension Fund

- \$52.9 million in net assets at April 30, 2020.
  - Asset Value at 12/31/20 = \$61.2 million, 14%+ return in CY2020.
- 62.63% funded as of April 30, 2020 vs. 62.06% last year.
- The Fund currently pays \$3.9M in annual benefits to retired Carol Stream Police Officers as prescribed by State statute.
- Pension Fund consolidation per P.A. 101-0610.
  - Investment consolidation within 30 months (mid-2022).
  - Local pension boards remain intact.
  - Investments in trust, no comingling between funds.



# NORTH AVENUE / SCHMALE ROAD TIF FUND

# Village of Carol Stream

## North Ave./Schmale Rd.TIF

- TIF Structure
  - Non-monetized Village note of \$3.5M (Caputo's Grocery parcel).
  - Secured by 100% of incremental property taxes + 50% of sales taxes for a period of 13 years (2027). 2 year extension (to 2029) if total principal not paid (incremental property taxes ONLY).
- Caputo's note began October 28, 2014 (when grocery opened).
- FY21 – Total of \$400,999 in principal paid on \$3.5 million note through April 30, 2021. Total principal and interest paid on the note since inception = \$1,245,185.
- FY22 projected principal payments = \$162,000.

## Next Steps

- **Monday, April 19, 2021**
  - 6:00 pm Regular Village Board Meeting
    - **Budget Public Hearing**
    - **Budget Adoption**

The draft FY22 Village Budget is available at:

<https://www.carolstream.org/Home/ShowDocument?id=5625>