

SPECIAL WORKSHOP MEETING OF THE MAYOR AND BOARD OF TRUSTEES
Gregory J. Bielawski Municipal Center, 500 N. Gary Avenue,
Carol Stream, DuPage County, IL

March 21, 2022

Mayor Pro Tem Matt McCarthy called the Special Workshop Meeting of the Board of Trustees to order at 6:57pm and requested that Village Clerk Julia Schwarze call the roll.

Present: Trustees Jeff Berger, Tom Garvey, John Zalak, Rick Gieser, Mary Frusolone and Matt McCarthy serving as Mayor Pro Tem, Village Clerk Julia Schwarze

Absent: Mayor Frank Saverino, Sr.

Also Present: Village Manager Bob Mellor, Assistant to the Village Manager Tia Messino, Finance Director Jon Batek, Public Works Director Phil Modaff, Community Development Director Don Bastian, Engineering Services Director Bill Cleveland, Chief of Police Bill Holmer and Information Technology Director Marc Talavera

FY23 Budget Workshop #4 – Water/Sewer Fund and Special Funds

Finance Director Batek led the Village Board and staff in a discussion of the proposed FY23 Water/Sewer Fund and Special Funds budget.

Village Board members requested that staff investigate ways to reduce the proposed 16-cent increase in residents' water bills to cover operating cost increases in the Water division portion of the Water/Sewer Fund. Staff agreed to conduct another review and additional research to present to the Board with a revised proposal by the April 4th Village Board meeting.

Staff also agreed to gather additional data to revisit the question related to keeping or abandoning wells in the next budget cycle.

Attached is the PowerPoint presentation with corresponding details used to guide the meeting.

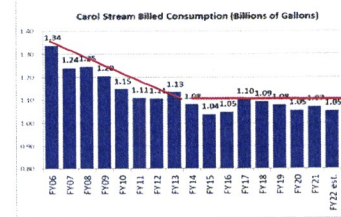
Village of Carol Stream

FY23 Budget Workshop #4 WATER & SEWER FUND AND SPECIAL FUNDS

March 21, 2022

Water & Sewer Fund Review of Historical Metrics

- Billed consumption in FY22 is slightly less than FY21 but remains 1.4% ahead of our low point in FY15.
- This trend continues to be similar to our peer DuPage Water Commission members.



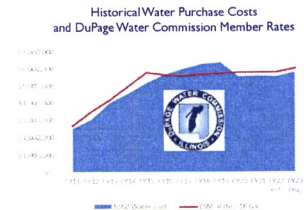
Agenda

Water & Sewer Fund and Special Funds

- Water & Sewer Fund
 - Review of Historical Metrics
 - Proposed FY23 Budget
 - Revenues / Rate Comparisons
 - Expenses and significant areas of focus for FY23
- Special Funds
 - North Avenue / Schmale Road TIF Fund
 - Police Pension Fund
 - Equipment Replacement Fund
 - State and Federal Asset Seizure Funds
 - American Rescue Plan Act (ARPA) Fund

Water & Sewer Fund Review of Historical Metrics

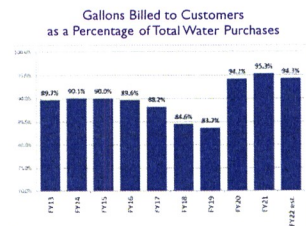
- The Village's cost of purchasing Lake Michigan water through the DuPage Water Commission (DWC) has stabilized since FY15 following many years of steep increases by the City of Chicago.



Water & Sewer Fund Review of Historical Metrics

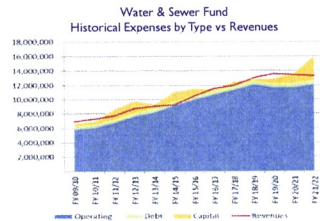
Water & Sewer Fund Review of Historical Metrics

- The Village continues to maintain an excellent water billed to water purchased ratio. Regular annual leak detection program of both public and private systems continues into FY23 and beyond.



Water & Sewer Fund Review of Historical Metrics

- Rate adjustments since FY16 have improved coverage of operating expenses. Future rate adjustments will be needed to address any increases in operating expenses and to ensure sufficient funding is provided to meet projected capital needs.



Water & Sewer Fund Proposed FY23 REVENUES

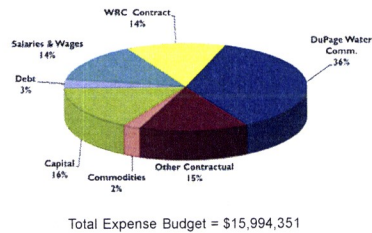
- 97% of fund revenues are generated directly from water and sewer rates charged to users of the system.
- Thus, revenue forecasts are generally a function of current or proposed rates combined with anticipated demand (consumption).
- With recent static demand, at the same water/sewer rates, we would expect revenues to be similarly static. Thus, periodic rate adjustments are needed to keep pace with increases in operating costs and to plan for future capital investment.
- No rate adjustments were recommended in FY22.
- Carol Stream water and sewer rates continue to be at the lower end of our DuPage Water Commission peers.

Proposed FY23 Budget

Water & Sewer Fund – FY23 OPERATING EXPENSES

- Salaries & Wages** - increase of 10.6% compared to FY22 and includes salaries and benefits for proposed Water Plant Operator and a portion of the new Facilities Technician position.
- Water Purchases** - the DuPage Water Commission (DWC) is proposing a \$0.21 rate increase to the current rate of \$4.97 per 1,000 gal. (+4.2%). Recommend passing this increase through to Carol Stream users.
- WRC Contract** - projected 4.3% increase over FY22 budget amount.
- Commodities** – decrease of \$307,316 or 46.1% as AMR replacement program approaches completion.

Village of Carol Stream Water & Sewer Fund Proposed Expenses by Category FY23



Village of Carol Stream Draft Water & Sewer Fund Budget Expenditures FY23 Proposed Compared to FY22 Budget

	Revised Budget FY21/22	Estimated FY21/22	Proposed Budget FY22/23	FY22/23 proposed to FY21/22 Budget
REVENUES	\$13,590,000	\$13,275,000	\$16,467,000	\$2,877,000 21.2%
OPERATING COSTS				
Salaries & Wages	2,055,428	1,982,967	2,272,569	217,141 10.6%
Contractual Services				
Water Commission	5,715,000	5,545,000	5,802,000	87,000 1.5%
WRC Contract	2,949,229	1,922,718	2,138,002	88,773 4.3%
All Other	2,268,020	1,989,525	2,342,974	74,952 3.3%
Total Contractual	10,932,249	9,457,243	10,282,974	250,725 2.5%
Commodities	666,806	653,716	359,490	(307,316) -46.1%
Debt	491,598	491,598	490,618	(980) -0.2%
TOTAL OPERATING	13,246,081	12,585,524	13,405,651	159,570 1.2%
Net G/L Before Capital	343,919	689,476	3,061,349	
CAPITAL COSTS	6,366,000	3,365,000	2,588,700	(3,777,300) -59.3%
Total Expenses	\$19,612,081	\$15,950,524	\$15,994,351	(3,617,730) -18.4%
Fund Income/(Loss)	\$ (6,022,081)	\$ (2,675,524)	\$ 472,649	

Water & Sewer Fund – FY23
NOTABLE OPERATING EXPENSES

Fullerton Tower Painting & Repairs (\$480,000)

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



Water & Sewer Fund – FY23
CAPITAL PROGRAM EXPENSES

OTHER CAPITAL EXPENSES:

- Kuhn Road Pumping Station Generator - \$285,000 (FY24)
- Retire Wells - One per year over 3 years - \$40,000 ea.

Water & Sewer Fund – FY23
NOTABLE OPERATING EXPENSES

- Supervisory Control and Data Acquisition (SCADA) - system upgrade (\$150,000)
- Hydrant Painting Program - 5 Year contract program beginning in FY24 (approx. \$50,000 per year).



Water & Sewer Fund – FY23
RATE RECOMMENDATION

Rate adjustments are needed to:

1. Account for DuPage Water Commission May 1, 2022 price increase. WATER 21 cents.
2. Cover operating cost increases in the Water division portion of the Water/Sewer Fund. WATER 16 cents.
3. Begin saving additional funds to cover anticipated WRC plant rehabilitations and improvements (e.g. EPA Phosphorous removal in FY28 at \$3.8 million). SEWER 24 cents.

American Rescue Plan Act (ARPA) funds are available totaling \$5.3 million and will cover about 50% of the next 5 years of WRC facility capital costs. Without ARPA, much larger rate adjustments would be necessary to fully fund capital improvements over the long-term.

Water & Sewer Fund – FY23
CAPITAL PROGRAM EXPENSES

- WRC Facility Assessment – Last completed in 2010, an updated capital plan for the WRC facility calls for investment of \$20.6 million over the next 10 years. Programmed expenses for the next 5 years are shown below:

Wastewater Reclamation Center Capital Improvements					
	FY23	FY24	FY25	FY26	FY27
Dewatering Project completion	1,311,173	-	-	-	-
Non-Potable Water System Repl.	284,000	-	-	-	-
Diffuser Membrane Repl.	438,000	-	-	-	-
Clarifier #3 Improvements	235,000	-	-	-	-
Headworks Design/Construction	50,000	225,000	4,500,000	-	-
Sand Filter Repl. Design/Construction	-	-	50,000	1,250,000	1,250,000
Clarifier / Digester Improvements	-	-	-	-	881,000
Subtotal	\$ 2,318,173	\$ 225,000	\$ 4,550,000	\$ 1,250,000	\$ 2,131,000
Total Investment - FY23 to FY27					\$ 10,474,173

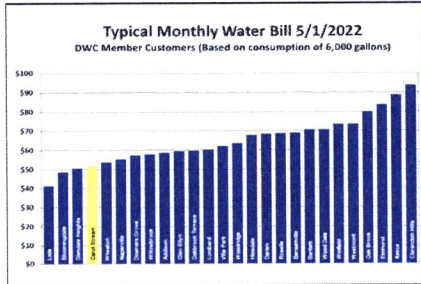
Water & Sewer Fund – FY23
RATE RECOMMENDATION

	5/1/22			
	Current	Proposed	Incr.	%
Water	\$ 8.38	\$ 8.75	\$ 0.37	4.4%
Sewer	4.66	4.90	0.24	5.2%
Total	\$ 13.04	\$ 13.65	\$ 0.61	4.7%

Monthly impact to a customer using 6,000 gallons of water:

\$3.66

Water & Sewer Fund Proposed FY23

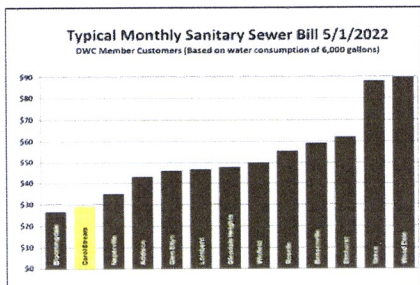


Source: Municipal Websites - 3/1/2022

NORTH AVENUE / SCHMALE ROAD TIF FUND

22

Water & Sewer Fund Proposed FY23



Source: Municipal Websites - 3/1/2022
Includes those municipal members that bill for sewage treatment or operate sewage treatment facilities

Village of Carol Stream North Ave./Schmale Rd.TIF

- TIF Structure
 - Non-monetized Village note of \$3.5M (Caputo's Grocery parcel).
 - Redevelopment agreement is 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).
- FY22 – Total of \$582,976 in principal paid on \$3.5 million note through April 30, 2022. Total principal and interest paid on the note since inception = \$1,549,236.
- FY23 represents year 8 of 13 for sales tax sharing and 8 of 15 for property tax increment.

SPECIAL FUNDS

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POLICE PENSION FUND

24

Police Pension Fund

- \$64.8 million in net assets at April 30, 2021.
 - FY21 Return = 22.6%!
 - 71.7% funded status at 4/30/21 vs 62.6% at 4/30/20.
- The Fund currently pays \$4.0M in annual benefits to retired Carol Stream Police Officers as prescribed by State statute.
- Village actuarial contribution from General Fund (\$3,176,132) to increase by \$125,205 or 4.1% over FY22.
- Pension Fund consolidation per P.A. 101-0610.
 - Our fund was assigned an April 1, 2022 asset transfer date.
 - Extension requested and received until June 1, 2022.
 - Statutes require transfer by June 30, 2022.

EQUIPMENT REPLACEMENT FUND

STATE AND FEDERAL ASSET SEIZURE FUNDS

AMERICAN RESCUE PLAN ACT (ARPA) FUND

Next Steps

- Monday, April 18, 2022
 - 6:00 pm Regular Village Board Meeting
 - **Budget Public Hearing**
 - **Budget Adoption**

At 8:09 p.m., Trustee Frusolone moved and Trustee Zalak made the second to adjourn the meeting. The results of the roll call vote were as follows:

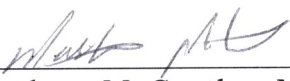
Ayes: 6 Trustees Berger, Garvey, Zalak, Gieser, Frusolone and
McCarthy

Nays: 0

Absent: 0


The motion passed.

FOR THE BOARD OF TRUSTEES



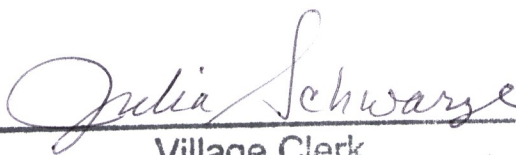
Matthew McCarthy, Mayor Pro Tem

ATTEST:



Julia Schwarze, Village Clerk

Minutes approved by the President and Board of Trustees on this
4th day of April, 2022.



Village Clerk