

**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 4, 2024**

Mayor Pro Tem Matt McCarthy called the Special Workshop Meeting of the Board of Trustees to order at 7:25 p.m. and requested that Village Clerk Julia Schwarze call the roll.

Present: Trustees Joe Anselmo, Jeff Berger, John Zalak, Rick Gieser, Mary Frusolone and Matt McCarthy and Village Clerk Julia Schwarze

Absent: Mayor Frank Saverino, Sr.

Also Present: Village Manager Bill Holmer, Assistant to the Village Manager Brianna Bacigalupo, Finance Director Jon Batek, Public Works Director Brad Fink, Community Development Director Don Bastian, Engineering Services Director Bill Cleveland, Chief of Police Don Cummings and Information Technology Director Marc Talavera

**FY25 Budget Workshop #3 – Water & Sewer Fund and Special Funds**

Finance Director Batek led the Village Board and staff in a discussion of the FY25 Water & Sewer Fund and Special Funds. Public Works Director Fink presented the notable operating expenses and upcoming capital expenses of the FY25 Water & Sewer Fund. The Village Board directed staff to research and report actual monthly water usage by Carol Stream residents to determine the impact of the proposed 2.9% water rate increase.

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

*At 8:01 p.m., Trustee Anselmo moved and Trustee Frusolone made the second to adjourn the meeting. The results of the roll call vote were as follows:*


*Ayes: 6 Trustees Anselmo, Berger, Zalak, Gieser, Frusolone and McCarthy*

*Nays: 0*

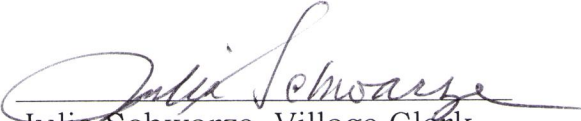
*Absent: 0*

*The motion passed.*

FOR THE BOARD OF TRUSTEES

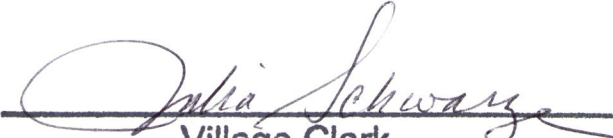
  
\_\_\_\_\_  
Matt McCarthy, Mayor Pro Tem

ATTEST:

  
\_\_\_\_\_  
Julia Schwarze, Village Clerk

Minutes approved by the President and Board of Trustees on this

18<sup>th</sup> day of March, 2024.

  
\_\_\_\_\_  
Village Clerk

# Village of Canal Stream

## FY25 Budget Workshop #3 WATER & SEWER FUND AND SPECIAL FUNDS

March 4, 2024

### Agenda

#### Water & Sewer Fund and Special Funds

- Water & Sewer Fund
  - Background and Historical Metrics
  - Proposed FY25 Budget
    - Expenses and significant areas of focus for FY25 and beyond
    - Capital Improvements Program
    - 10 Year Financial Trend Model
    - Water / Sewer Rate Recommendation
- Special Funds
  - Police Pension Fund
  - North Avenue / Schmale Road TIF Fund
  - Equipment Replacement Fund
  - State and Federal Asset Seizure Funds

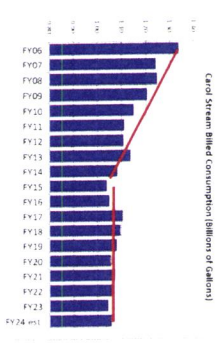
### Water & Sewer Fund Background and Historical Metrics

#### Water & Sewer Fund Background

- The combined water and sewer fund is a public utility and is classified as an "enterprise fund". Accounting is similar to that of any private sector business.
- Enterprise funds are not supported by tax dollars, rather are funded by user fees and charges which are paid by users of the services provided.
- 93% of all fund revenues are generated directly from water and sewer rates charged to users of the system.
- Given generally static to slightly declining sales of water over time, regular rate adjustments are needed to keep pace with increases in operating costs and to plan for future capital investment.

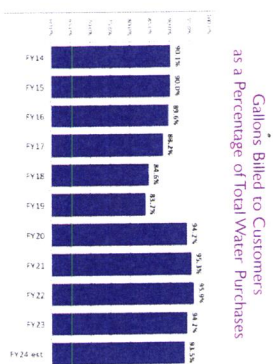
## Water & Sewer Fund Review of Historical Metrics

- Billed water consumption in FY24 is estimated to increase by 1.3% compared to FY23, from 1,043 to 1,056 billion gallons.
- Water sales generally within 1.04 to 1.10 billion gallons over the last 10 years +/- .3% from 1.07 billion/yr average.
- Demand for water in Carol Stream follows the trend of all DuPage Water Commission members over the past 15-20 years.



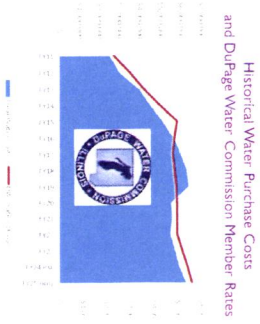
## Water & Sewer Fund Review of Historical Metrics

- 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 FY25 and beyond.
- A ratio of 90% or better is the benchmark for a "tight" system.



## Water & Sewer Fund Review of Historical Metrics

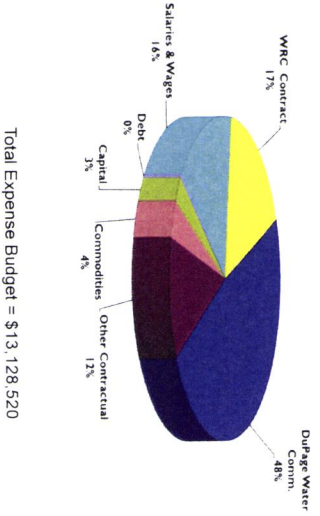
- The Village's cost of purchasing Lake Michigan water through the DuPage Water Commission (DWC) has stabilized since FY15 following many years of steep increases by the City of Chicago.
- Inflationary increases are beginning to creep back into the picture over the past 3 years FY23, FY24 and FY25 at +4.2%, +4.1% and +3.5%.



## Proposed FY25 Budget



Village of Carol Stream  
Water & Sewer Fund  
Proposed Expenses by Category FY25



Water & Sewer Fund – FY25  
REVENUES

- **Operating Revenues** - Includes rate based revenues generated by sales of water and sanitary sewer services plus connection fees, expansion fees, late charges and administrative service fees. Includes proposed water/sewer rate adjustment for May 1, 2024. Includes impact fees associated with the Villas of Fair Oaks Development.
- **Non-Operating Revenues** - Includes interest income, telecom tower rental fees, DuPage County reimbursement for Water Commission loan to bring water to Judith/Riviera Courts, and miscellaneous income.
- **Transfer from General Fund** – In lieu of a water rate increase on May 1, 2023 a portion of FY23 General Fund surplus was transferred to cover FY24 DuPage Water Commission increase. (Estimated actual water cost increase for FY24 is about \$350,000).

Water & Sewer Fund – FY25  
OPERATING EXPENSES

- **Salaries & Wages** - decrease of 8.1% compared to FY24 budget due to turnover of a number of staff positions.
- **Water Purchases** - the DuPage Water Commission (DWC) is proposing a \$0.19 May 1 rate increase to the current rate of \$5.39 per 1,000 gal. (+3.5%). Combined with a 2.3% increase in water purchases from FY24 budget (1,125B gal.), the year-over-year cost increase is 5.9%.
- **WRC Contract** - projected 2.8% increase over FY24 budget amount.
- **Contractual Services**, Other - decrease of \$577,468 or 26.3% due to the completion of multi-year projects to repair/repaint water towers.
- **Commodities** - increase of \$34,775 or 7.6% over FY24 budget mainly related to purchase of diagnostic equipment, vehicle upfit costs and employee safety equipment.

Village of Carol Stream  
Draft Water & Sewer Fund Budget Expenditures  
FY25 Proposed Compared to FY24 Budget

	Revised Budget		Proposed Budget		FY25 proposed to FY24 Budget
	FY24	FY24	FY25	FY25	
<b>REVENUES</b>					
Operating Revenues	\$ 13,350,000	\$13,601,000	\$14,041,500	\$	5.2%
Non-Operating Revs.	791,500	1,193,486	839,500	48,000	6.1%
Tfr. from Gen. Fd.	300,000	300,000		(300,000)	-100.0%
<b>Total Revenues</b>	<b>\$ 14,441,500</b>	<b>\$15,094,486</b>	<b>\$14,881,000</b>	\$	3.0%
<b>OPERATING COSTS</b>					
Salaries & Wages	2,275,989	1,966,165	2,092,587	(183,402)	-8.1%
Contractual Services	5,929,000	6,085,000	6,278,000	349,000	5.9%
Water Commission	2,176,000	2,190,000	2,237,530	61,530	2.8%
WRC Contract	2,197,150	2,187,080	1,619,682	(577,468)	-26.3%
All Other	10,302,150	10,462,080	10,135,212	(166,938)	-1.6%
Total Contractual	459,940	527,658	494,715	34,775	7.6%
Commodities	420,421	420,421	51,006	(369,415)	-87.9%
Debt				(684,980)	-5.1%
<b>TOTAL OPERATING</b>	<b>13,458,500</b>	<b>13,376,324</b>	<b>12,773,520</b>		
Net G/(U) Before Capital	983,000	1,718,162	2,107,480		
<b>CAPITAL COSTS</b>					
	612,000	551,000	355,000		
<b>Total Expenses</b>	<b>\$ 14,070,500</b>	<b>\$13,927,324</b>	<b>\$13,128,520</b>		
Fund Income/(Loss)	\$ 371,000	\$ 1,167,162	\$ 1,752,480		

### Water & Sewer Fund – FY25 NOTABLE OPERATING EXPENSES

- Hydrant Painting Program - Year 2 of a 5-year program that began in FY24 via joint-bid with other agencies. (\$50,000 per year)
- Hydrant/Valve/Pipe Repairs - Significant price increase seen in repair and replacement parts. (\$100,000)
- Fence at Fullerton Water Tower - Replace and expand fence to secure the property at the Fullerton Water Tower. (\$35,000)

### Water & Sewer Fund – FY25 UPCOMING CAPITAL EXPENSES

- Pickup Truck Replacement - Replacement of current 2011 Ford pickup truck with the addition of a utility body. (\$78,000 – Equipment Replacement Fund)
- Crane Truck Replacement - Replacement of current 2000 GMC crane truck used for pulling pumps. (\$190,000 – Equipment Replacement Fund)



### Water & Sewer Fund – FY25 NOTABLE OPERATING EXPENSES

- Water Sampling Stations - Installation of water sampling stations in locations that are difficult to access. (\$50,000)
- Water Main Leak Detection Equipment – Purchase equipment to move annual leak detection in-house (\$32,000)



### Water & Sewer Fund – FY25 UPCOMING CAPITAL EXPENSES

- Water Reclamation Center (WRC) Electrical Assessment  
Evaluating the many components of the power distribution equipment that are at the end of useful life. This evaluation will prioritize electrical improvements, provide a rough schedule for replacement of equipment, and a cost estimate for design and construction of replacement or equipment/systems. (\$30,000)



## Water & Sewer Fund – FY25 UPCOMING CAPITAL EXPENSES

- Water Reclamation Center (WRC) Headworks Final Design & Bidding

The 2022 WRC Facility Assessment recommended Headworks improvements to be completed within 5 years due to the equipment nearing or beyond its useful design life.

The Headworks was originally constructed in 1993.  
Design FY25 (\$225,000)  
Construction FY26 (\$5,300,000)



## Upcoming Water & Sewer Capital Improvements

- Water Reclamation Center (WRC) Headworks Improvements Construction (\$5,300,000) FY26
- WRC Sand Filter Replacement Design/Construction (\$2,550,000) FY26-FY28
- Phosphorus Removal Improvements Design/Construction (\$3,761,000) FY28
- Aeration Systems Improvements (Basins 1 & 3) Design/Construction (\$828,000) FY30
- Aerobic Digesters Dome Replacement Construction (\$2,496,000) FY31

## Water & Sewer Fund – FY25 CAPITAL PROGRAM EXPENSES

	FY25	FY26	FY27	FY28	FY29
WRC Electrical Assessment	30,000	60,000	-	-	-
Emergreen Lift Station Generator	-	60,000	-	-	-
Bulk Fill Water Station	-	60,000	-	-	-
Headworks Design/Construction	225,000	5,300,000	-	-	-
Sand Filter Repl. Design/Construction	50,000	1,250,000	1,250,000	-	-
Non-Portable Water System Replace	-	285,000	-	-	-
Clarifier / Digester Improvements	-	-	881,000	-	-
Phosphorus Removal	-	-	-	3,761,000	-
Various Small Capital Projects	100,000	-	-	-	24,000
Subtotal	\$ 355,000	\$ 5,755,000	\$ 2,131,000	\$ 5,011,000	\$ 24,000
Total Investment - FY25 to FY29					\$ 13,276,000
BA5 Station Improvements	FY30	FY31	FY32	FY33	FY34
Aeration Systems - Basins 1 & 3	370,000	-	-	-	-
Digester Dome Replacements	825,000	-	-	-	-
Chlorine Contact Tank Improvements	-	2,496,000	-	-	-
Digester Pump Replacement	-	-	789,000	-	-
Direction Systems Improvement	-	-	-	173,000	-
SCADA Replacement	-	-	-	-	241,000
Subtotal	-	-	-	-	750,000
Total Investment - FY30 to FY34	1,195,000	2,496,000	789,000	-	1,164,000
10 Year Capital Investment					\$ 5,667,000
					\$ 18,973,000

## Water & Sewer Fund – FY25 10 YEAR PROJECTIONS

Fund G/LI	Projected Reserve Balances	Minimum 25% Operating Reserve
FY25	\$1,752,480	\$ 16,925,148
FY26	(3,867,803)	13,057,345
FY27	(244,449)	12,812,896
FY28	(3,719,729)	9,095,167
FY29	1,161,451	10,254,618
FY30	215,464	10,470,082
FY31	(688,975)	9,781,107
FY32	(1,358,167)	8,422,941
FY33	328,571	8,751,512
FY34	(426,096)	8,325,416

- Includes known planned WRC capital improvements.
- Average annual growth in operating expenses of 2.9% and.
- Annual aggregate rate adjustments of 2.5%

## Water & Sewer Fund – FY24 Under Discussion but Not Funded

At 65, the Village's utility infrastructure is continuing to age.



- Completion of Water Study and future assessment of system wide water main infrastructure.
- Hydrant Replacement Program
- Sewer Televising Program
- Advanced Water Meter Reading Technologies
- DWCA Alternative Source Water Project

## Water & Sewer Fund – FY24 The Cost of Debt

This month, we will complete repayment of an Illinois Environmental Protection Agency (IEPA) 20 year loan taken out in 2002 to fund improvements at the Wastewater Reclamation Center (WRC).

Total Loan Disbursements: **\$6,289,738**  
 Below Market Interest Rate: **2.57%**  
 Total Interest Paid: **\$1,999,728**

## Water & Sewer Fund – FY24 The Cost of Falling Behind

### Illinois American Water seeks rate hike (2/13/24 Daily Herald)

Authorities say the hike would increase residential monthly water service bills by about \$24 per month depending on a customer's service area, while the average residential wastewater bill would increase by about \$5 per month. The breakdown includes \$421 million in water system infrastructure improvements and \$136 million in wastewater system infrastructure improvements to be made over the next two years.

### Elmhurst residents can expect to see an increase in their water bills (2/14/24 Daily Herald)

A family of four typically consumes 10,000 gallons of water per billing period. The total bimonthly water and sewer bill for the same household will likely go up by \$66.98 or 28% compared to current rates.

## Water & Sewer Fund – FY25 RATE RECOMMENDATION

	5/1/24			
	Current	Proposed	Incr.	%
Water	\$ 8.69	\$ 9.09	\$ 0.40	4.6%
Sewer	4.90	4.90	-	0.0%
<b>Total</b>	<b>\$ 13.59</b>	<b>\$ 13.99</b>	<b>\$ 0.40</b>	<b>2.9%</b>

Basis for Increase:

5/1/23 DWCA Increase Not Captured	\$ 0.21
5/1/24 Proposed DWCA Increase	0.19
	<u>\$ 0.40</u>

Monthly impact to a customer using 6,000 gallons of water:  
**\$2.40**



## SPECIAL FUNDS

26

### Police Pension Fund

- Despite two consecutive years of lackluster returns, (FY22 = -4.10%, FY23 = 1.94%) the percentage funded increased from 66.79% to 70.58% as of April 30, 2023.
- 9 months into or current year FY24 (as of 1/31/24), assets invested in the Illinois Police Officers' Pension Investment Fund (IPOPIF):
  - Have grown by \$4.9M or 7.5% from \$65.4M to \$70.3 following an extended market drought.
  - Total return since inception (8/1/22) = 6.24%
- Village contribution for FY25 increases by only 1.5% from FY24.
- Beginning 1/1/24 benefit payments and plan administration has been transferred to an external accounting firm selected by the Pension Board.
  - 55 current plan beneficiaries.
  - Annual benefit payments totaling \$4.7 million.

### Other Special Funds

#### North Avenue / Schmale Road TIF

- FY25 represents year 10 of 13 for sales tax sharing and 10 of 15 for property tax increment under the current redevelopment agreement.
- As of 4-30-2023 a total of \$980,957 in principal has been paid on the \$3.5 million developer note. Total P&I paid = \$2,169,292.

#### Equipment Replacement Fund

#### State and Federal Asset Seizure Funds

### Next Steps

- **Monday, March 18, 2024**  
Budget Workshop #4 – Capital Improvement Program (CIP)
- **Wednesday, March 20, 2024**  
Distribution of draft FY25 Budget and FY25-FY27 Financial Plan to the Village Board and availability for public review.
- **Monday, April 1, 2024**  
6:00 pm Regular Village Board Meeting
  - **Budget Public Hearing**
  - **Budget Adoption**