Indian Head Park Village Water/Sewer System Information

SPECIAL VILLAGE BOARD MEETING
12/3/2015

TOM HINSHAW, MAYOR
GLENN MANN, CHAIR, PUBLIC WORKS COMMITTEE
AMY JO WITTENBERG, ALT., PUBLIC WORKS COMMITTEE
BRENDA O'LAUGHLIN, TRUSTEE
RITA MAYER-FARRELL, ESQ.,TRUSTEE
HEIDI LOPEZ, TRUSTEE
CHRIS METZ, TRUSTEE
JOHN DuROCHER, VILLAGE ADMINISTRATOR
EDWARD SANTEN, SUPT. OF PUBLIC WORKS

The Process: Determining the Water & Sewer Rate Increase

☑ Identify And Prioritize Water & Sewer System Needs In IHP Via An Asset Management Plan

☑ Analyze and present data to enable the prioritization of these short and long-term needs for the Water & Sewer Systems infrastructure in Indian Head Park (IHP) with the Village Administration and IHP residents via the Asset Management Plan.

☑ Understand the financial and human resources needed in the short and long-term to repair and replace our Water & Sewer Systems infrastructure in IHP.Discuss alternatives for funding and scheduling the completion of these projects.

- Townhall August 2015
- Townhall December 2015

☑ Approve Rate Increase and Implement 1/2016

Assessing the Infrastructure – Water & Sewer

- Water & Sewer Infrastructure Facts:
  - Village has 16.22 miles (85,641 feet) of water main infrastructure
  - 86.4% of water mains (14.02 miles) are ≥ forty (40) years or older.
  - 9.9% of water mains (1.6 miles) are ≥ twenty (20) to < forty (40) years old.
  - 0.6 miles are < twenty (20) years old

- Sewer Infrastructure Facts:
  - Village has approximately 12 miles (63,360 feet) of sanitary sewer main infrastructure: 8" to 15" diameters.
  - 80 % of sanitary sewers (9.6 miles) are ≥ forty (40) years or older.
  - 15 % of sanitary sewers (1.8 miles) are ≥ twenty (20) to < forty (40) years old.
  - .6 miles are < twenty (20) years old

- Our water and sewer system is aging and requires that we keep the infrastructure maintained across the Village of Indian Head Park to maintain reliable and safe water and sewer systems.

Assessing the Water/Sewer System Infrastructure

Total Projected Costs For Needed Water System Capital

- Total of Short-Term Projects Water System = $2,586,500
- Total of Long-Term Projects Water System = $377,500
- Total cost of Short and Long-Term projects = $2,964,000

Total Projected Costs For Needed Sewer System Capital Expenditures

- Total of Short-Term Projects Sewer System = $450,000
- Total of Long-Term Projects Sewer System = $00.00
- Total cost of Short and Long-Term projects = $450,000

Reviewing the financial metrics of the Indian Head Park Water System shows we need to improve the financial condition for both the short and long-term viability of the system.

- The financial health of a municipal Water System is commonly defined by four key financial indicators:

- Operating ratio
- Debt service coverage ratio
- Days of cash on hand
- Current ratio

Financial Analysis of Village Water System

Reviewing the financial metrics of the Indian Head Park Water System shows we need to improve the financial condition for both the short and long-term viability of the system.

The financial health of a municipal Water System is commonly defined by four key financial indicators:

- Operating ratio
- Debt service coverage ratio
- Days of cash on hand
- Current ratio

- **Operating ratio**
  - Measure that monitors if the system has the revenue to cover other, non-operating expenses, such as debt service and to build up reserve funds.
  - Operating Ratio Formula: dividing annual operating revenue by annual operating expenses.
  - IHP operating ratio with depreciation = 0.9: Without depreciation = 0.96
  - Both metrics are **below** the standard used by the Environmental Finance Center of 1.2 and 1.5, respectively.
  - A ratio of 1.0 means IHP brought in exactly enough revenue to cover operating expenses.
  - Our current ratio signals we do not have enough revenue to cover our operating expenses.
  - This analysis is based on the current April 30, 2015, Village audit.

Summary: Our current Operating Ratio Shows we do not have enough revenue to cover operating expenses.

Proposed Water Sewer Rate Structure
Based on Fixed Charge + Usage

Multi-Family	Current	Proposed	Increase Amount	% Increase
123 Acacia	$4472.02	$6898.75	$2426.73	54%
129 Acacia	$4534.46	$6898.75	$2364.32	52%
Flag Creek	$2403.00	$ 3,596.00	$ 1,193.00	50%
Indian Ridge	$610.34	$ 1,846.85	$ 1,236.52	203%
Single Family Home 15,000 gallons	$169.35	$ 267.50	$ 98.15	58%
Single Family Home 4,000 gallons	$132.6	$ 141.00	$ 8.40	6%

Next Steps:

- Approval of rate increase by Village Board 12/10
- Effective Date for all water used after the January 2016 meter reading cycle.

Thank You!

For more information, please contact:

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