

**MINUTES OF A COMMITTEE OF THE WHOLE MEETING  
OSWEGO VILLAGE PRESIDENT AND BOARD OF TRUSTEES  
OSWEGO VILLAGE HALL  
100 PARKERS MILL, OSWEGO, ILLINOIS  
August 22, 2023**

**CALL TO ORDER**

President Ryan Kauffman called the meeting to order at 6:01 p.m.

**ROLL CALL**

Board Members Physically Present: President Ryan Kauffman; Trustees Tom Guist, Kit Kuhrt, Karin McCarthy-Lange, Karen Novy, and Andrew Torres.

Board Members Absent: Trustee Jennifer Jones Sinnott

Staff Physically Present: Dan Di Santo, Village Administrator; Christina Burns, Deputy Village Administrator; Tina Touchette, Village Clerk; Jennifer Hughes, Public Works Director; Jason Bastin, Interim Chief of Police; Andrea Lamberg, Finance Director; Rod Zenner, Community Development Services Director; Joe Renzetti, IT/GIS Director; Kerry Behr, Project Engineer; Bridget Bittman, Community Relations Manager- Marketing; Kevin Leighty, Economic Development Director; Steve Raasch, Facilities Manager; Bryan Wellner, Village Attorney; and Matt Moustis, Law Clerk.

**PUBLIC FORUM**

Public Forum was opened at 6:02 p.m.

Gerald Sternberg addressed the Board regarding a downtown historic building for sale on the corner; get a citizens group or non-for-profit to buy it; get things looking like it used to; make sure the police department does background checks on all and not just for video gaming; town in Wisconsin has a hockey rink that private citizens are a part of; it brings a lot of people to town for tournaments; there is a Greek island that does zero waste; circular economy solutions; thought it might help the city.

Wayne Harshberger II addressed the Board regarding a bump in the road on Mill Road; he expressed his concerns with the engineer; would like to know the bid specs because it is non-conforming; he would be happy to meet someone over there to discuss.

There was no one else who requested to speak. The public forum was closed at 6:07 p.m.

**OLD BUSINESS**

There was no old business.

**NEW BUSINESS**

F.1 Discussion of Proposed Water and Sewer Rates

Director Hughes addressed the Board regarding the preliminary rate study. Staff will need feedback, from the Village Board, before establishing the new rates. Carolyn Grieves and Alexis Shotton, from Baxter & Woodman, presented the following:

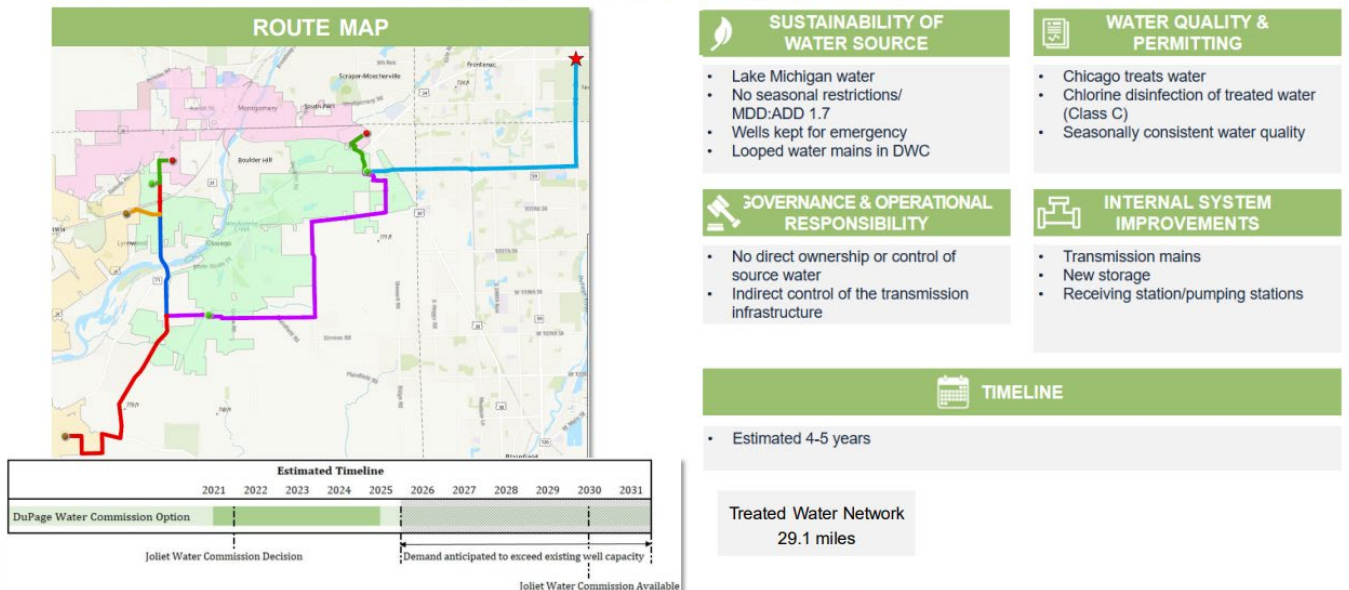
# Overview

1. Alternative Water Supply Study Recap
2. Rate Study Overview
3. Draft Rate Study Scenarios
4. Next Steps
  1. Input on Customer Impacts
  2. Input on Alternative Rate Structures
  3. Additional Information/Requests from the Board



- How to minimize the impact on customers
- This study is more detailed than the preliminary rate analysis
- Rates are not final
- Costs will vary
- DuPage Water Commission (DWC) is looking at alternatives for ways to save money
- Will bring back range and rates to discuss

## Alternative Water Supply Study Recap (2021)



- DWC is the best fit
- The red star is where the Village will get the water from
- Three supply connection points

## – Alternative Water Supply Study Recap (2021)

Description	DuPage Water Commission Option	
	Total	Oswego
Sub-Regional Well SR-1		
Raw Water Transmission Mains		
25 MGD Intake Pump Station		
25 MGD Lime Softening WTP		
Treated Water Transmission Mains	\$ 161,780,000	\$ 43,040,000
Buy-in Costs	\$ 27,720,000	\$ 10,373,000
<b>Regional Improvements Subtotal</b>	<b>\$ 189,500,000</b>	<b>\$ 53,413,000</b>
Receiving Stations	\$ 12,600,000	\$ 6,840,000
Intermediate Oswego Well & Treatment		
Internal Storage & Pumping	\$ 15,755,300	\$ 6,700,000
Internal Distribution Improvements	\$ 10,957,940	\$ 6,140,000
<b>Internal System Improvements Subtotal</b>	<b>\$ 39,313,240</b>	<b>\$ 19,680,000</b>
<b>Total</b>	<b>\$ 228,830,000</b>	<b>\$ 73,100,000</b>



**Draft Cost Estimates – These numbers will change based on final route and cost-share**

- \$73,100,000 will change
- \$43,040,000
  - A percentage was used where Oswego would benefit the most
  - Still negotiating with Montgomery and Yorkville
  - This amount will likely go up
- Grayed out areas were numbers for Fox River
- Buy-in cost is a one-time cost

## - Water and Sewer Rate Study Overview

### ✓ Cost of Service Analysis

- Determine Operations & Maintenance, Capital Improvement Project costs, and Debt Service to operate the water and sewer utility, now and through FY 2031 (April 2031)

### ✓ User Group and Rate Structure Analysis

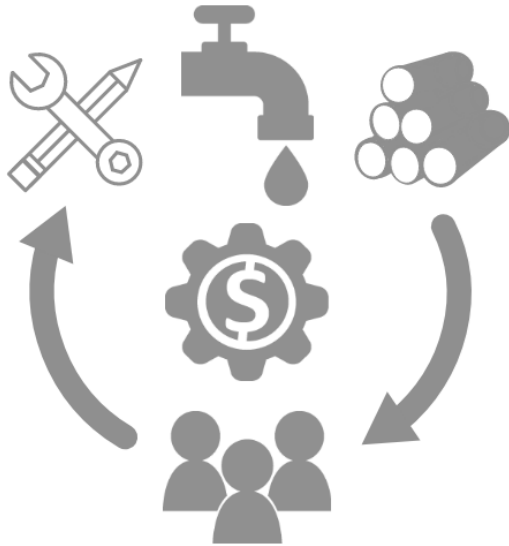
- Identify the major tiers of users in the Village and assess their sufficiency and equity to sustainably fund the Village's utilities.
- Develop rate structures and rate increases that accounts the impacts to the Village's customer base.

### ✓ Rate Stabilization Analysis

- The Village of Oswego has passed minimal rate increases over the past several years.
- Determine what rate increases are necessary to provide both financially sound, fair, and equitable utility funding while maintaining a proactive stance towards its infrastructure.

- User group is primarily residential
- Reducing impact on customers
- FY 2031- construction will be done; will do another rate study and make final adjustments

## Enterprise Fund: Village Water & Sewer Fund



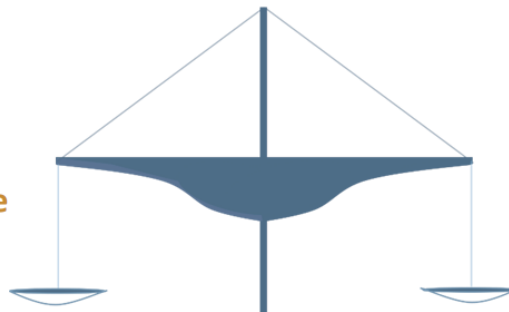
An enterprise fund is an account for operations that is financed and operated in a manner similar to private business enterprises – where the intent of the utility provider is to primarily finance and recover the costs of providing goods or services to the general public on a continuing basis through user charges.

- Primarily from water and sewer rates

## Revenue Requirements vs. Customer Impacts

- Review the fully funded Revenue Requirements against proposed rate increases and impact to sample customer bills under the Village's current rate structure:

**Needs:**  
Reduce NRW  
Address Aging Infrastructure  
Upsizing Infrastructure  
Build Financial Reserves



**Impacts:**  
Monitor Rate Increases

- Balancing revenue requirements
- Preparing for and being able to fund projects
- Balance increases

## — Preliminary Study Assumptions

1. Purchasing Water Cost begins in August 2027 and assumes 10% Non-Revenue Water throughout projection
2. DWC Rate projected to increase ~2% per year, which is subject to change based on agreement with CDWM
3. Wells convert to emergency status only in August 2027
4. Costs associated with Capital Projects and Debt Service will change in 2023.
5. Debt Service Assumptions are currently based on a combination of IEPA, WIFIA, and DWC Loans
6. Impact of real estate transfer tax \$450,000 per year

- Converting of wells removes the cost of radium removal
- \$450,000 per year is a conservative number
- NRW needs to be below 10% per IDNR;
  - Oswego is at 8%; 8% is very good; well managed by Public Works



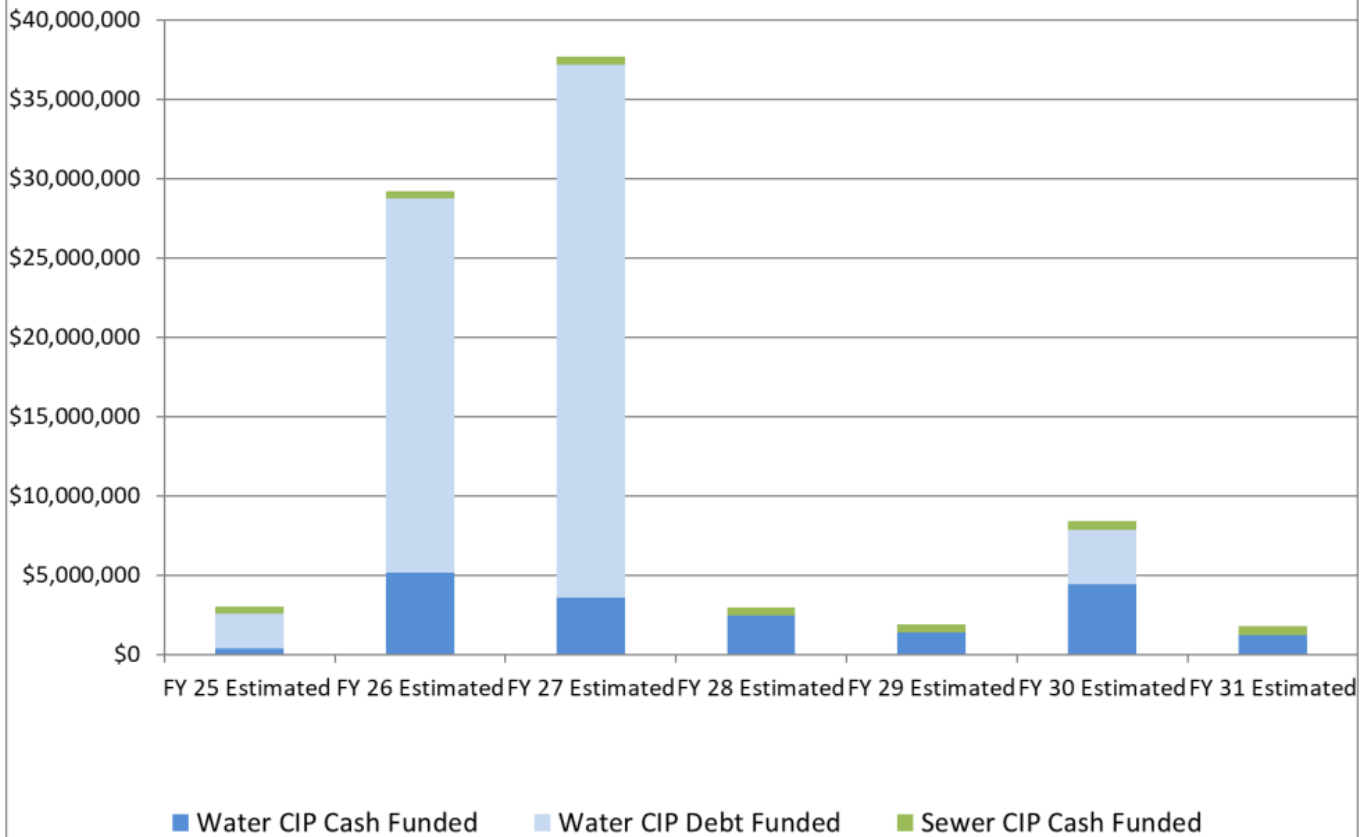
## — Draft Study Assumptions – Board Feedback

1. Minimize impact on seniors
2. Minimize impact on low-income residents
3. Minimize rate increase as much as possible
4. Develop a rate that reflects the impact of demand on the system
5. Encourage conservation
6. Increase rates now vs. later





## Village of Oswego Capital Improvements Plan: 2025 to 2031



- Subject to change throughout the study

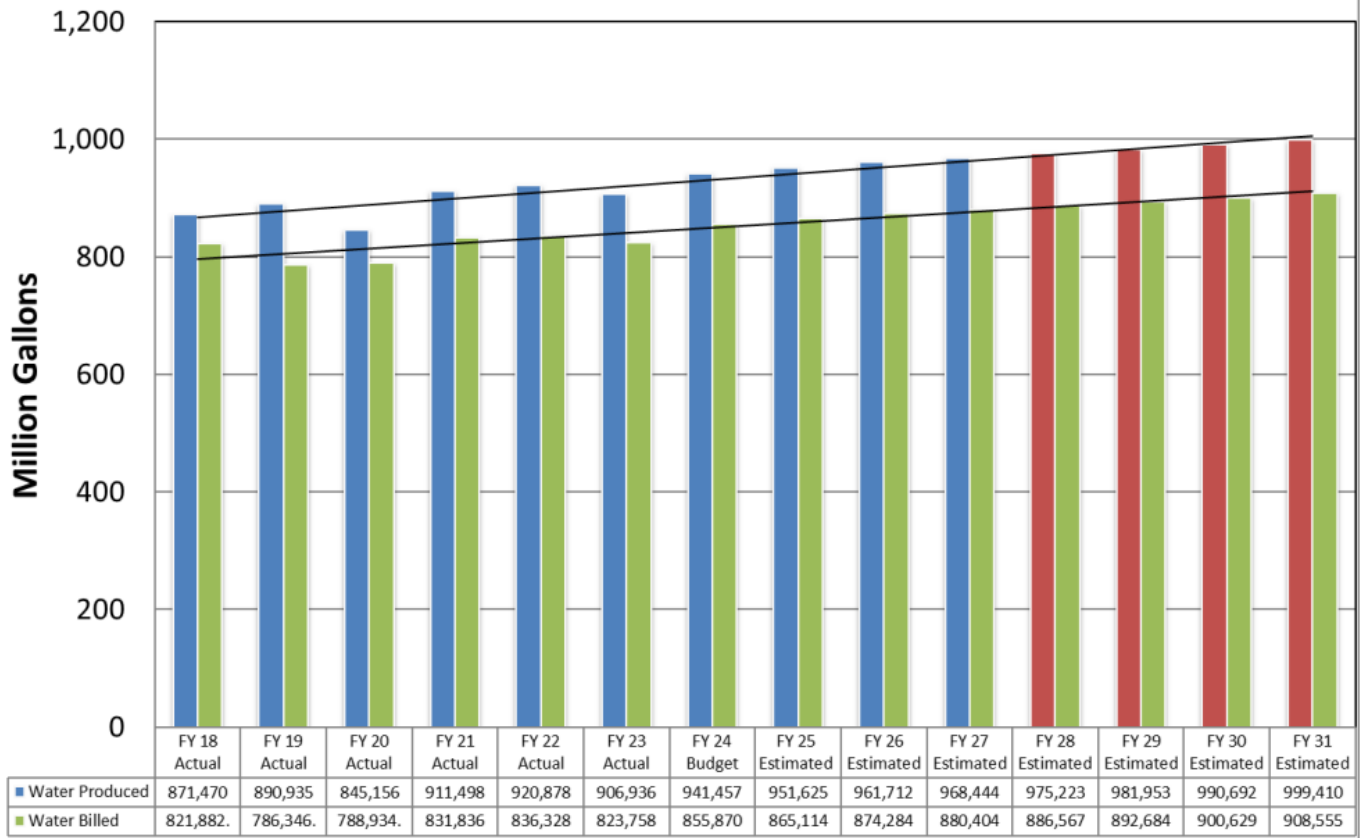
## Draft Debt Service Assumptions

### 1. Proposed Debt Service is subject to change based on loan agreements and total capital cost

	Total Loan Amount	Loan Period (years)	Interest Rate	Annual Debt Service	Payments Begin
WIFIA	\$30,781,996	30	4.27%	\$1,838,941	2028
DWC	\$10,373,000	30	0.00%	\$345,767	2028
IEPA	\$18,215,404	20	2.00%	\$1,113,994	2028
IEPA	\$3,450,000	20	2.00%	\$210,991	2030

- No guarantee on any of these
- DWC has offered a loan at 0% interest

### Annual Water Produced/Purchased vs. Water Billed



- Maintaining 10%

### Village of Oswego – Fiscal Policies and Reserve Goals

- 1. Operating Reserve Goal: 30% of the estimated subsequent year’s annual operating expenditures**
- 2. Debt Service Reserve Goal: Meet all principal and interest payments for the following fiscal year debt service**
- 3. Per Village Staff, strategy to maintain \$1 million above the Operating Reserve Goal to reduce impacts on customers**

- Village maintains the reserve goals
- Village maintains the minimum fund balance
- Drawdown the reserves a bit

## Village’s Existing Rate Structure

Village of Oswego - Fiscal Year 2024 Utility Rates			
	Water (Per 1,000 gallons)	Sewer (per 1,000 gallons)	Fixed (Bi-Monthly)
Non-Senior	\$7.39	\$1.71	\$6.34
Senior	\$3.70	\$0.86	\$6.34

- Volume metric rate
- Managing of water
- \$6.34 charged to all

## – Village’s Water Connection Fees – New Development

### 1. Currently \$2,200/unit (for all unit types)

1. Single-Family: \$3,400 average, up to \$5,200 supported in other communities
2. Townhomes: \$3,300 average, up to \$5,000 supported in other communities
3. Apartments: \$1,600 average, Montgomery is only outlier with \$4,359

### 2. Consider increasing by \$1,000-\$3,000/unit for single-family and townhomes

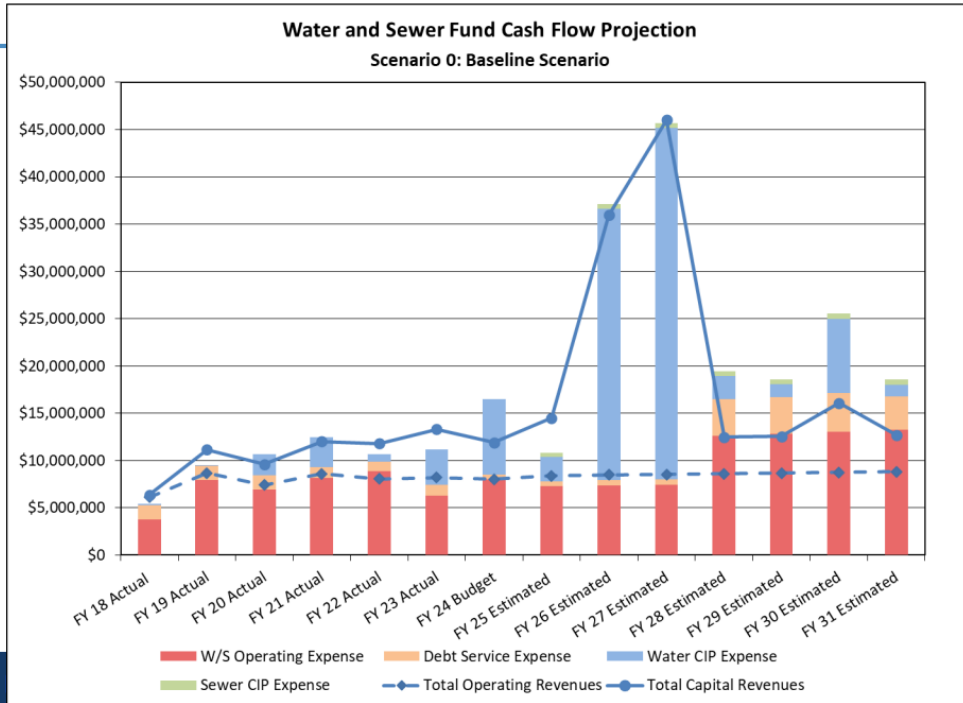
Projected* ADDITIONAL Revenue			
5-Year Time Period	\$1,000 Increase	\$2,000 Increase	\$3,000 Increase
2026 – 2030	\$275,000	\$550,000	\$825,000
2031 – 2035	\$575,000	\$1,150,000	\$1,725,000
2036 – 2040	\$800,000	\$1,600,000	\$2,400,000
2041 - 2045	\$850,000	\$1,700,000	\$2,550,000
2046 – 2050	\$910,000	\$1,820,000	\$2,730,000
<b>25-Year TOTAL</b>	<b>\$3,400,000</b>	<b>\$6,800,000</b>	<b>\$10,200,000</b>

\*Based on a myriad of hypothetical growth scenarios

- Proposing an increase, but the additional revenues are not included in the numbers in this study
- Hard to project
- Fees could go above \$5,000.00
- Will bring this back to the Board



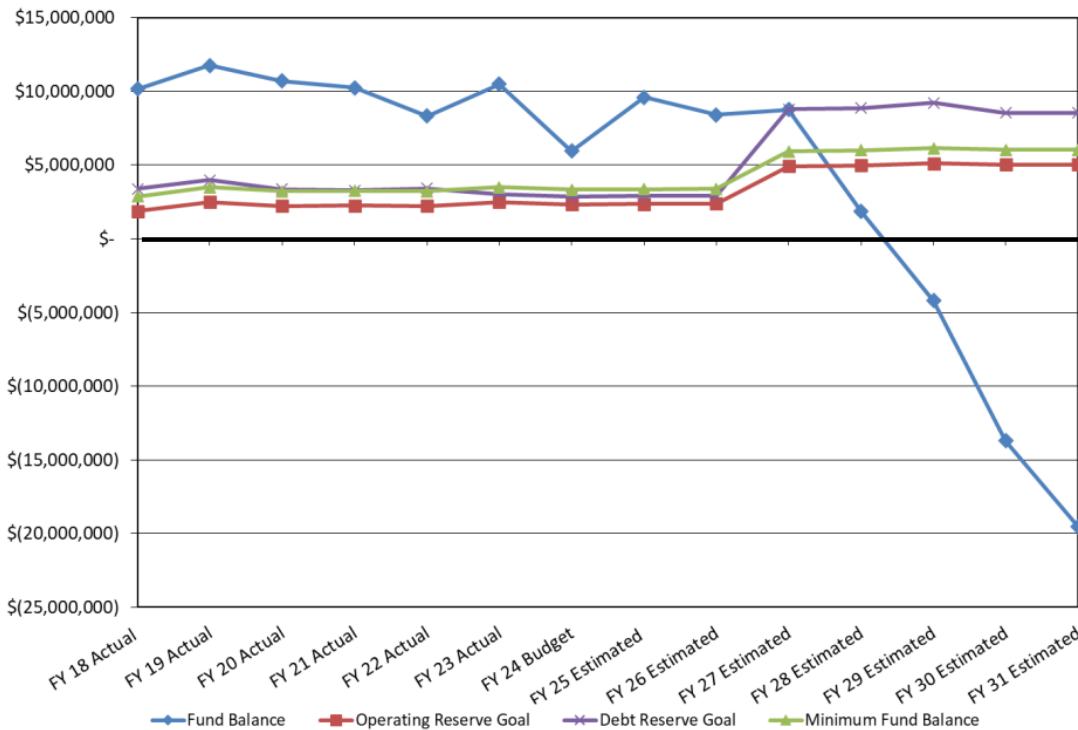
# Baseline Scenario



Baxter & Woodman

- FY27 jumps due to projected debt service
- Goal is for the operating revenue to meet or exceed the orange bar

**Water and Sewer Fund Cash Flow Projection**  
Scenario 0: Baseline Scenario



- Balance dips after shift to DWC
- Increase \$5 million per year
- Goal is to bring the blue line at or above the green line

## Draft Scenario 1: Existing Rate Structure – Rate Increases

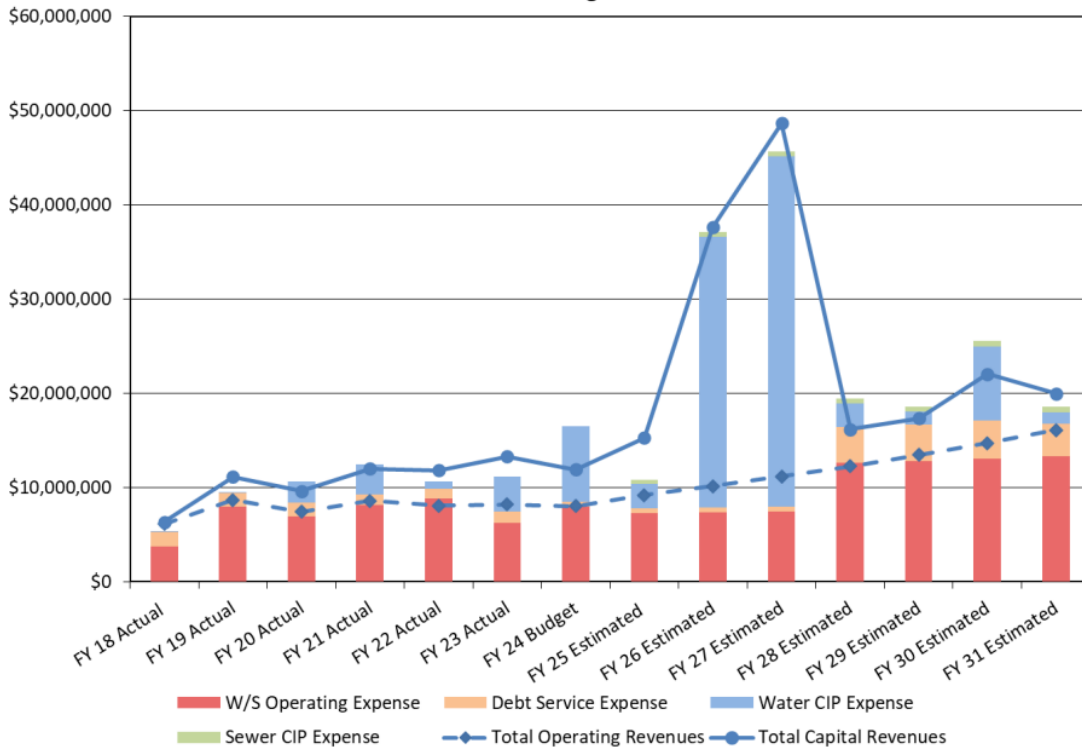
1. The following rate increases were identified based on the upcoming and projected expense breakdown such that water pays for water and sewer pays for sewer as much as possible.
2. The volumetric rate is inclusive of the DWC Volumetric Charge rate for the cost of purchasing water.
3. The draft rate increases are subject to change based on capital project costs and debt service.

### — Draft Scenario 1: Existing Rate Structure – Rate Increases —

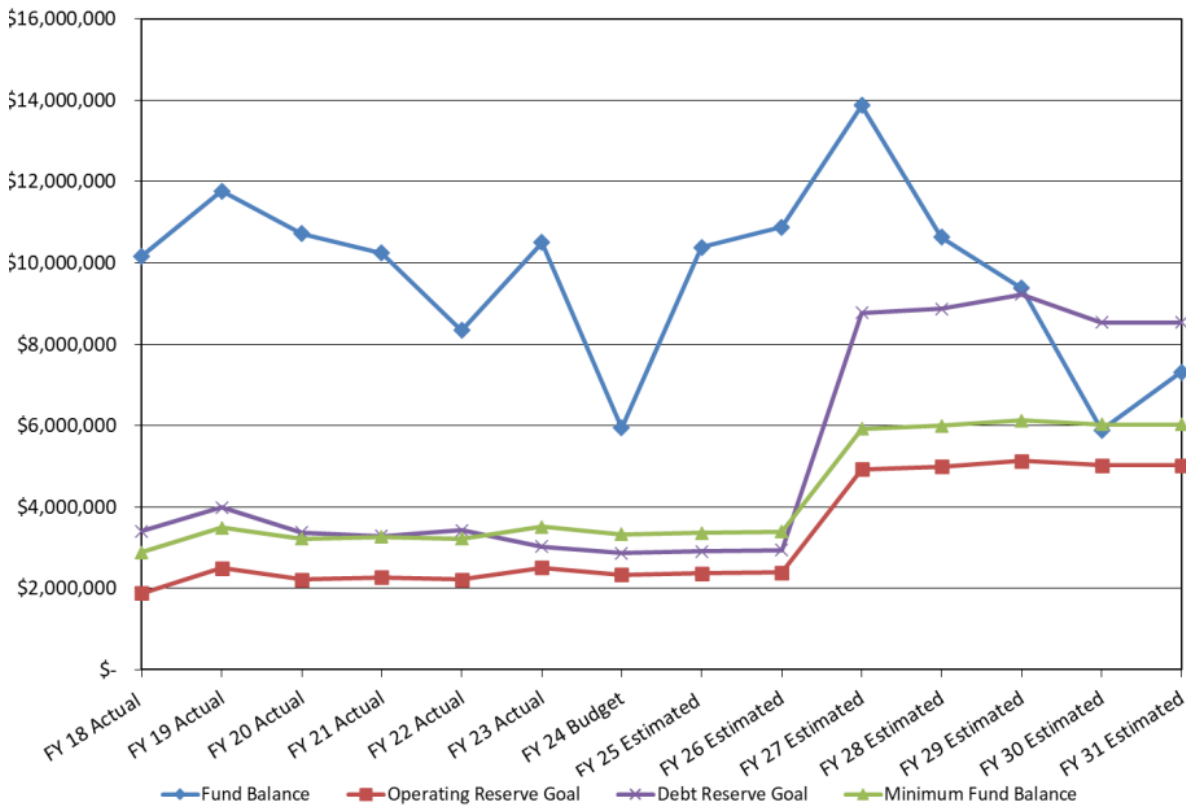
Scenario 1	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
Increase in Dollars	\$0.00	\$3.00	\$3.50	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
Fixed Fee - Bi-Monthly	\$6.34	\$9.34	\$12.84	\$16.84	\$20.84	\$24.84	\$28.84	\$32.84
Increase in Percent	1.8%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Water Volumetric Rate - Non-Senior - per kgal	\$7.39	\$7.98	\$8.62	\$9.31	\$10.05	\$10.86	\$11.73	\$12.67
Increase in Percent	1.8%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Water Volumetric Rate - Senior - per kgal	\$3.70	\$3.99	\$4.31	\$4.65	\$5.03	\$5.43	\$5.86	\$6.33
Increase in Percent	0.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Sewer Volumetric Rate - Non-Senior - per kgal	\$1.71	\$1.78	\$1.85	\$1.93	\$2.00	\$2.08	\$2.17	\$2.25
Increase in Percent	0.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Sewer Volumetric Rate - Senior - per kgal	\$0.86	\$0.89	\$0.93	\$0.96	\$1.00	\$1.04	\$1.08	\$1.13

- Kept fixed fee low for seniors and residential users

**Water and Sewer Fund Cash Flow Projection**  
Scenario 1B: Existing Rate Structure



**Water and Sewer Fund Cash Flow Projection**  
Scenario 1B: Existing Rate Structure



- Still maintaining the fund balance



## Impact on Low Income Residents

1. **There is no industry standard in evaluating impacts on Low Income customers**
  2. **Village is exploring options to reduce impact on and assist Low Income residents**
    1. Payment Plans
    2. Assistance Programs
  3. **Per United States Census Bureau:**
    1. Median Household Income (in 2021 dollars), 2017-2021: \$106,790
    2. Persons in poverty, percent: 2.2%
- Options to reduce

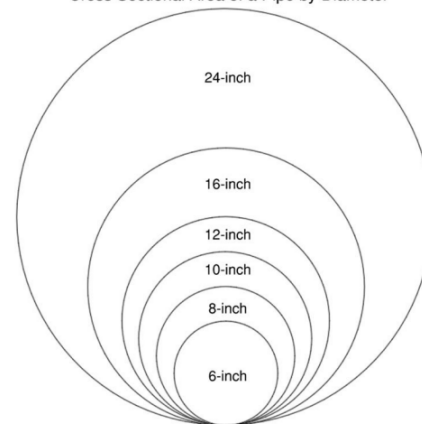
## Rate Study: Next Steps

1. **Review Alternative Rate Structures: User Group, Inclining Block, Declining Block, Minimum Usage Charge, Fixed Scaled Meter**
  2. **In our experience, the implementation of the Fixed Scaled Meter and Inclining Volumetric Block Rate Structure generally present the most fair and equitable rates for Lake Michigan based, water purchasing utilities**
  3. **A comparison of neighboring and similarly sized Utilities will be prepared with the existing and alternative rate structures**
- Next presentation at a future Committee of the Whole

## Next Steps: Alternative Rate Structures Analysis

- **Fixed Scaled Meter:**  
**A fixed charge proportional to the customer's meter size**
- **Inclining Block Volumetric Rate Structure:**  
**Establish blocks of usage that are charged progressively more to use per billing cycle**
- **Review impacts to sample bills between proposed rate structures**

Cross Sectional Area of a Pipe by Diameter



- 0-10,000 gallons= \$8/1,000 gallons
- 10,000+ gallons= \$9/1,000 gallons
- Large usage users
- Encourage conservation for fixed and inclining

## Summary and Decisions to be Made

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### 1. Input on Preliminary Assumptions

### 2. Input on Customer Impacts

1. Senior Citizen
2. Low Income

### 3. Input on Alternative Rate Structures

1. Reflect demand put on the water system
2. Encourage conservation

### 4. Increase Rates Now vs. Later



Board and staff discussion focused on four current Board members were not here for the 2021 study; fixed rates at the time we draw on it; will confirm if the rate is floating; why total operating revenues are flat; study was done conservatively so we don't over project; aggregate shortfall for FY28= \$5-8 million; reserve dropping down to \$10 million; approximately \$3 million in the first year; how many current commercial and industrial users; commercial users vary widely; 30 gallons is a safe assumption; staff can get a better idea for the next Committee of the Whole discussion; whether seniors are getting a larger percentage increase; fixed fee will go up over the first five years; fee versus rate; conservation; fixed fee is not going to help anything; better to have volume rate go up; a lot of fixed expenditures; should have had this discussion a year ago; it would have been cheaper for the resident; increase is not going to cover infrastructure; 30% contingency for building out infrastructure; start moving faster with a plan; should have had rate increases a year ago; whether to start increases this year; building up the fund balance; need most of the funds in FY25 and FY26; have only received small grants; may not get the major grants; have been maintaining a high reserve; will balance out in FY28; already put money into infrastructure; IEPA loan of 2% changes annually; percentage could be lower; current loan length is 20 years; loan length could increase to 30 years; whether to have a lower senior fixed rate; paying the capital and reducing resident impact; look at including a rate structure; bigger users are putting a demand on the system; all customers paying their fair share; using real Village data and breaking it down; concerns with pushing bigger users out of town; staff will bring more details at the October Committee of the Whole; needing a plan on how we are communicating information to the community and public; not just in newsletters; consider open houses, social media and going to each subdivision; accounting for connection fees; Chicago rate may go down; connection fees only on future developments; everything being built now is at the old rates; apartment connection fees. Administrator Di Santo summed up the follow-up for the next water discussion:

- 1) Confirm floating rate
- 2) Confirm shortfall
- 3) Alternative for rates
- 4) Consider raising the rates this year
- 5) Higher connection fee
- 6) Listing users
- 7) Communication plan
- 8) Comparable rates to other communities

There was no further discussion.

## F.2 Non-Resident School Day Zone Parking Permit Discussion

Due to time constraints, this item was moved to the August 22, 2023 Regular Village Board meeting under Staff Reports.

**CLOSED SESSION**



There was no closed session.

**ADJOURNMENT**

The meeting adjourned at 7:07 p.m.

Tina Touchette  
Village Clerk