

Water & Sewer Rate and Connection Fee Study Briefing

➤ Connection Fee Development



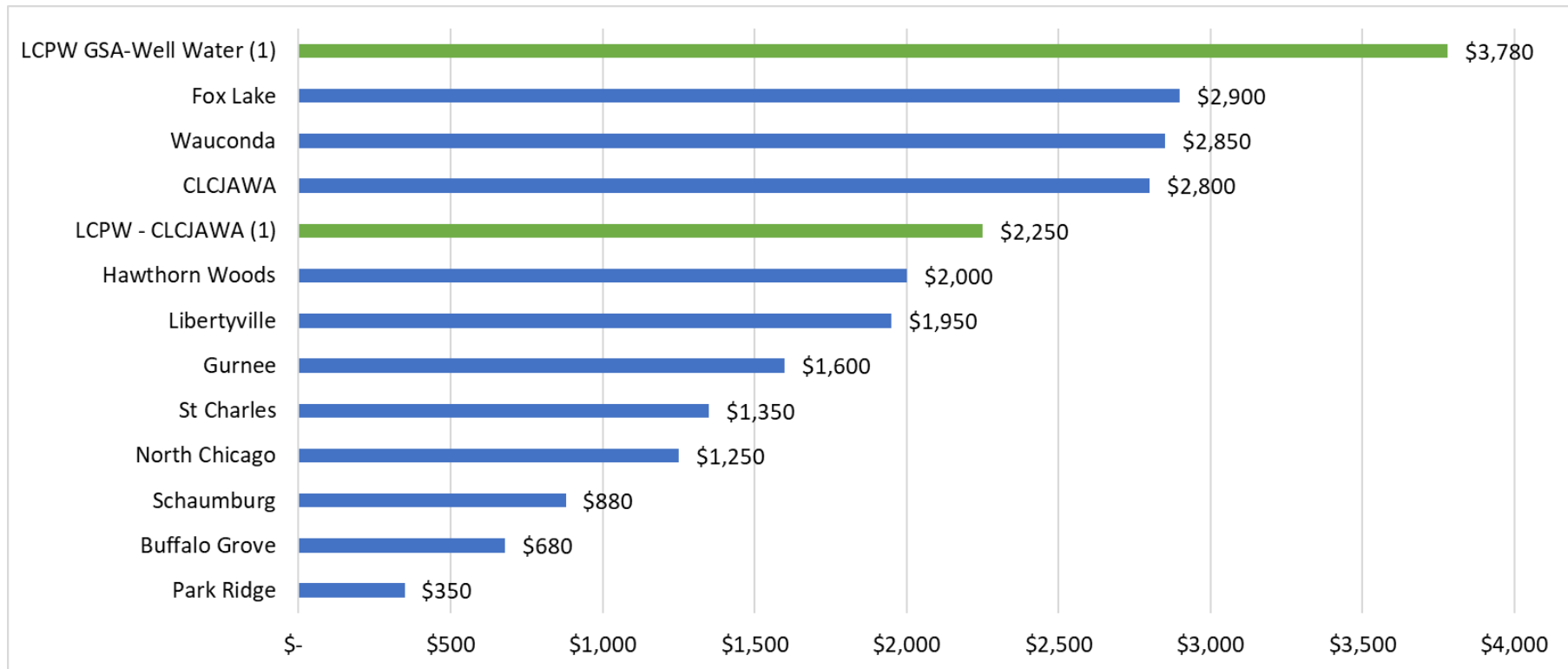
Presentation to
PWP&T
Committee

July 31, 2019

Approach to Connection Fee Development

- ▶ In general, and consistent with user charge findings, water fees need more of an increase than sewer
- ▶ Approach consistent with prior study
- ▶ We consider the indicated fee to be the maximum fee recommended, but it can be phased-in over time
- ▶ Two proposals have been developed
 - Option 1: Immediate implementation of the maximum recommended charge
 - Option 2: Phased implementation reflecting 10% per year until maximum recommended fee is reached

Comparison of Current Water Connection Fees



(1) LCPW portion only, excludes CLCJAWA portion

- ▶ Differences in fees typically result from
 - Differing methodologies or policies on recovering the cost of growth
 - If the fee reflects all services or just a portion (i.e. treatment and transmission, or transmission only)
- ▶ LCPW's current water connection fees are among the higher of surveyed utilities

Proposed Water Connection Fees

		OPTION 1		OPTION 2	
	Existing <u>2019</u>	Maximum <u>2020</u>	Proposed <u>Change</u>	Proposed <u>2020</u>	Proposed <u>Change</u>
<u>Water Connection Fees</u>					
General Service Areas (CLCJAWA) [1]	\$ 2,250	\$ 4,510	\$ 2,260	\$ 2,480	\$ 230
General Service Areas (Well Water)	\$ 3,780	\$ 5,470	\$ 1,690	\$ 4,160	\$ 380

[1] LCPW portion only. Excludes CLCJAWA connection fee.

- ▶ Option 1 implements the maximum indicated connection charge
- ▶ Option 2 phases-in at 10% per year increases until full fee is reached
 - CLCJAWA fully implemented by 2026
 - GSA fully implemented by 2023

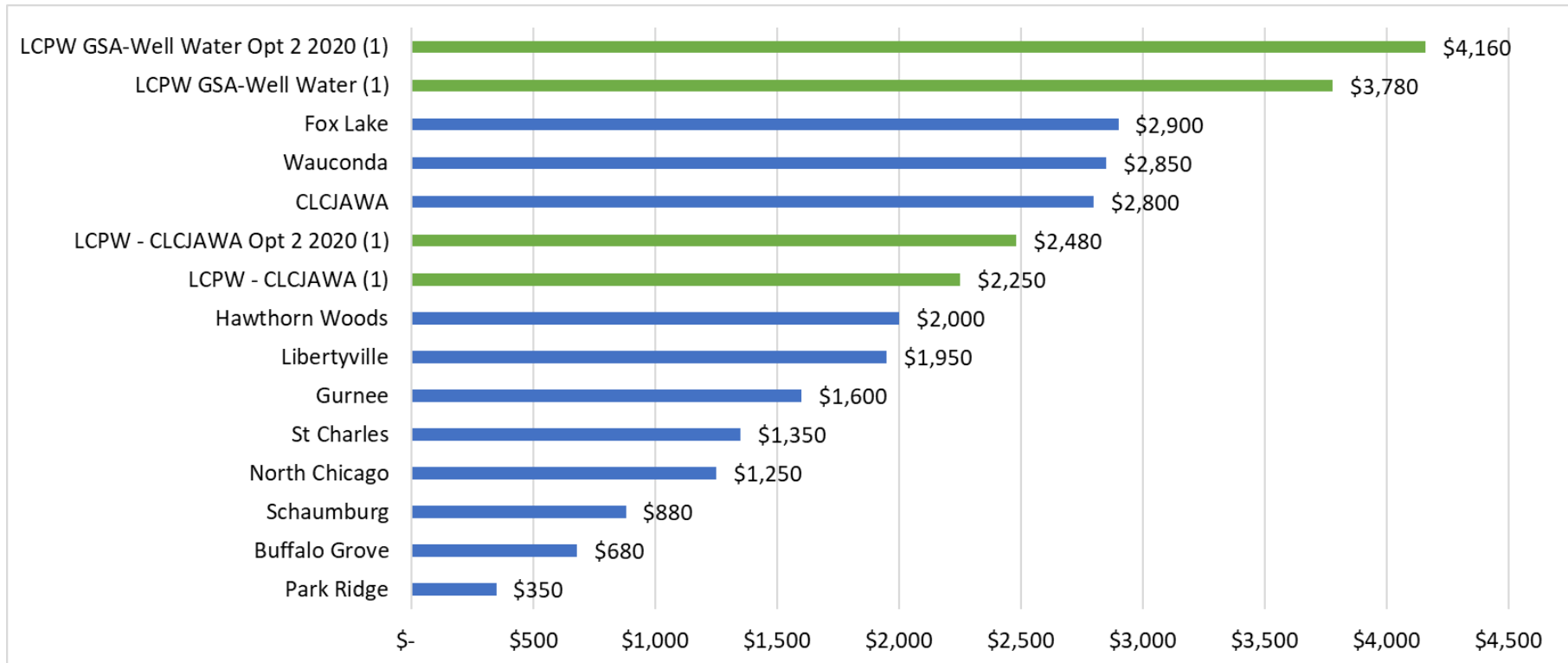
Option 2 Water Connection Fee Rate Path

	Existing <u>2019</u>	OPTION 2				
		Proposed <u>2020</u>	Proposed <u>2021</u>	Proposed <u>2022</u>	Proposed <u>2023</u>	Proposed <u>2024</u>
<u>Water Connection Fees</u>						
General Service Areas (CLCJAWA) [1]	\$ 2,250	\$ 2,480	\$ 2,730	\$ 3,000	\$ 3,300	\$ 3,630
General Service Areas (Well Water)	\$ 3,780	\$ 4,160	\$ 4,580	\$ 5,040	\$ 5,470	\$ 5,470

[1] LCPW portion only. Excludes CLCJAWA connection fee.

- ▶ Under Option 2, connection fee increases are phased in at 10% per year until maximum recommended fee is reached
- ▶ Recommend re-evaluating after 5-year period
- ▶ Bold green font indicates year maximum reached

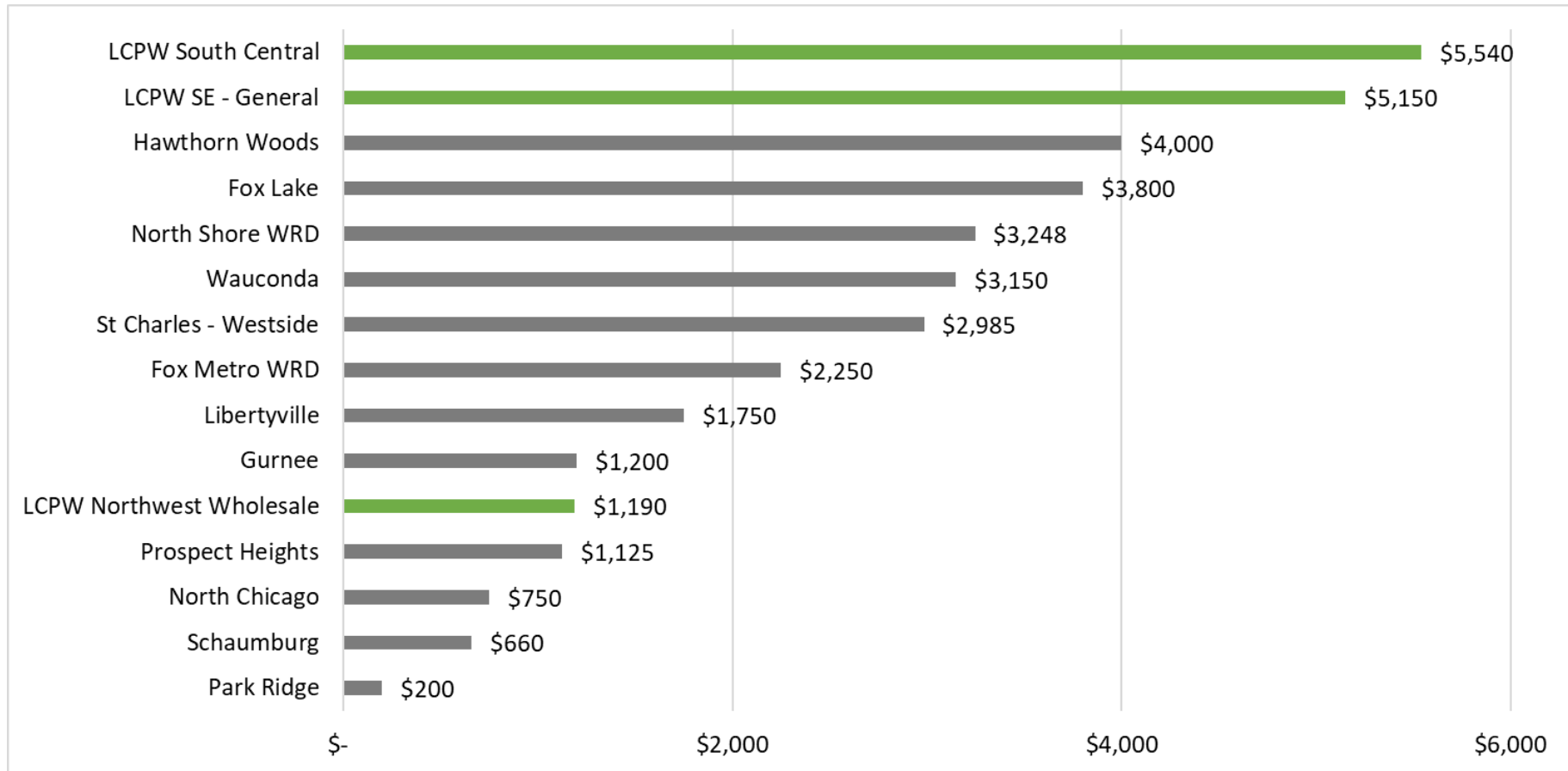
Comparison of Proposed Water Connection Fees



(1) LCPW portion only, excludes CLCJAWA portion

- ▶ Under Option 1, LCPW-CLCJAWA would be \$4,510 and LCPW-Well Water would be \$5,470, the highest of surveyed utilities
- ▶ With Option 2, implementation is gradual and change in survey position is minimized

Comparison of Current Sewer Connection Fees



- ▶ There are multiple LCPW sewer connection fees – this graph features those that usually generate the majority of sewer connection fee revenue
- ▶ Overall, many of LCPW's sewer connection fees are among the highest of surveyed utilities

Proposed Sewer Connection Fees

	Existing <u>2019</u>	OPTION 1		OPTION 2	
		Maximum <u>2020</u>	Proposed <u>Change</u>	Proposed <u>2020</u>	Proposed <u>Change</u>
<u>Wastewater Connection Fees</u>					
Diamond-Sylvan Lake	\$ 9,110	\$ 8,760	\$ (350)	\$ 8,760	\$ (350)
Northeast	\$ 7,240	\$ 7,730	\$ 490	\$ 7,730	\$ 490
Northeast Central					
Highland Lake, Avon & Warren Townships, Village of Third Lake	\$ 2,700	\$ 3,580	\$ 880	\$ 2,970	\$ 270
Grayslake, Gurnee, Hainesville and Waukegan	\$ 1,300	\$ 2,040	\$ 740	\$ 1,430	\$ 130
Northwest					
Fox Lake Hills, Petite Lake and Stanton Bay [1]	\$ 2,590	\$ 3,080	\$ 490	\$ 2,850	\$ 260
Wholesale [1]	\$ 1,190	\$ 1,540	\$ 350	\$ 1,310	\$ 120
South Central	\$ 5,540	\$ 6,500	\$ 960	\$ 6,090	\$ 550
Southeast					
Portwine	\$ 7,580	\$ 8,220	\$ 640	\$ 8,220	\$ 640
Buffalo Grove, Riverwoods	\$ 5,150	\$ 5,950	\$ 800	\$ 5,670	\$ 520
Kildeer	\$ 6,550	\$ 7,490	\$ 940	\$ 7,210	\$ 660
Ela	\$ 9,020	\$ 10,210	\$ 1,190	\$ 9,920	\$ 900
Lake Zurich, Lincolnshire	\$ 3,780	\$ 4,030	\$ 250	\$ 4,030	\$ 250
Southeast Central					
Countryside Manor, Terre Faire, North Libertyville Estates [1]	\$ 2,680	\$ 3,120	\$ 440	\$ 2,950	\$ 270
Green Oaks [1]	\$ 1,280	\$ 1,580	\$ 300	\$ 1,410	\$ 130
Libertyville [1]	\$ 1,280	\$ 1,580	\$ 300	\$ 1,410	\$ 130

[1] LCPW portion only. Excludes Fox Lake in Northwest Area and Libertyville in the Southeast Central Area.

- ▶ Please see back-up material for exhibit showing connection fee options
- ▶ Option 1 implements the maximum indicated connection charge
- ▶ With Option 2, most connection fees reach their maximum by 2020 or 2021

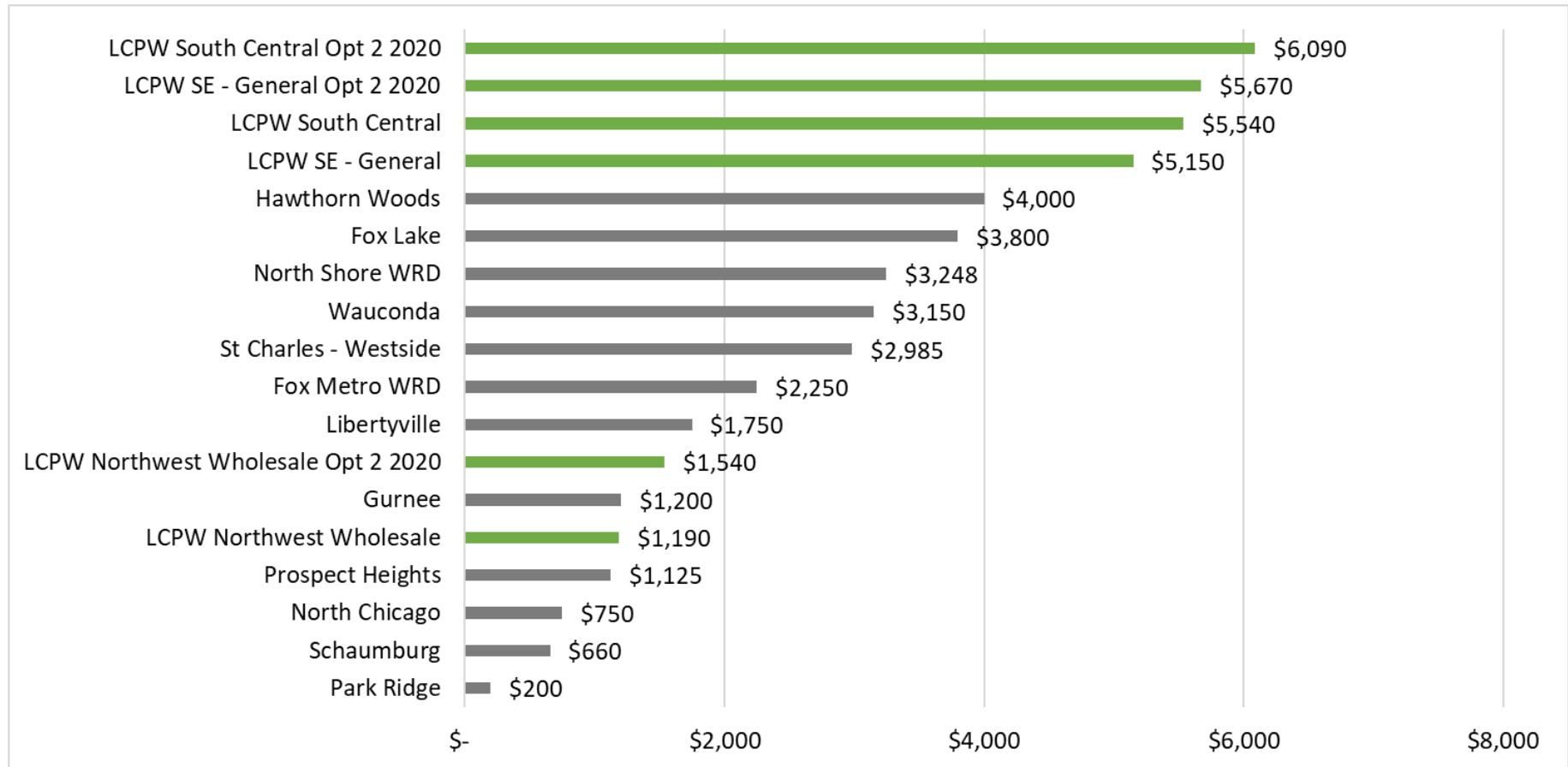
Option 2 Sewer Connection Fee Rate Path

	Existing	OPTION 2				
	<u>2019</u>	<u>Proposed</u>	<u>Proposed</u>	<u>Proposed</u>	<u>Proposed</u>	<u>Proposed</u>
		<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>Wastewater Connection Fees</u>						
Diamond-Sylvan Lake	\$ 9,110	\$ 8,760	\$ 8,760	\$ 8,760	\$ 8,760	\$ 8,760
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Northwest						
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Wholesale [1]	\$ 1,190	\$ 1,310	\$ 1,440	\$ 1,540	\$ 1,540	\$ 1,540
South Central	\$ 5,540	\$ 6,090	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500
Southeast						
Portwine	\$ 7,580	\$ 8,220	\$ 8,220	\$ 8,220	\$ 8,220	\$ 8,220
Buffalo Grove, Riverwoods	\$ 5,150	\$ 5,670	\$ 5,950	\$ 5,950	\$ 5,950	\$ 5,950
Kildeer	\$ 6,550	\$ 7,210	\$ 7,490	\$ 7,490	\$ 7,490	\$ 7,490
Ela	\$ 9,020	\$ 9,920	\$ 10,210	\$ 10,210	\$ 10,210	\$ 10,210
Lake Zurich, Lincolnshire	\$ 3,780	\$ 4,030	\$ 4,030	\$ 4,030	\$ 4,030	\$ 4,030
Southeast Central						
Countryside Manor, Terre Faire, North Libertyville Estates [1]	\$ 2,680	\$ 2,950	\$ 3,120	\$ 3,120	\$ 3,120	\$ 3,120
Green Oaks [1]	\$ 1,280	\$ 1,410	\$ 1,550	\$ 1,580	\$ 1,580	\$ 1,580
Libertyville [1]	\$ 1,280	\$ 1,410	\$ 1,550	\$ 1,580	\$ 1,580	\$ 1,580

[1] LCPW portion only. Excludes Fox Lake in Northwest Area and Libertyville in the Southeast Central Area.

- ▶ Please see back-up material for exhibit showing connection fee options
- ▶ Under Option 2, connection fee increases are phased in at 10% per year until maximum recommended fee is reached
- ▶ Recommend re-evaluating after 5-year period
- ▶ Bold green font indicates year maximum reached

Comparison of Proposed Sewer Connection Fees



- ▶ With Option 2, implementation is gradual and change in survey position is minimized

Committee Direction is Requested

- ▶ In general, and consistent with user charge findings, water fees need more of an increase than sewer
- ▶ Two options have been prepared
 - Option 1: Immediate implementation of the maximum recommended charge
 - Option 2: Phased implementation reflecting 10% per year until maximum recommended fee is reached
- ▶ Option 2 will take 4-7 years to implement for water and 1-3 years to implement for sewer

OPEN DISCUSSION

