Agenda
Village of Glen Ellyn
Finance Commission Meeting
Friday, September 9, 2022
7:00 AM
Glen Ellyn Civic Center
Room 301

Any individual with a disability requiring a reasonable accommodation in order to participate in a meeting should contact The Village of Glen Ellyn ADA Coordinator, (630) 469-5000, in advance of the next scheduled meeting. All matters on the Agenda may be discussed, amended, and acted upon.

A. Call to Order

B. Public Comment (Non Agenda Items)

C. Approval of Minutes

1) Minutes - Regular Meeting - August 12, 2022

D. Water and Sewer Rate Study

1) Presentation of Water and Sewer Rate Study by NewGen Strategies and Solutions

E. Financial Reports

1) General Fund Financial Report - July 2022
2) Village Links / Reserve 22 Financial Reports - July 2022

F. Trustee Liaison's Report

G. Chairman's Report

H. Other Business

1) Economic Development Update
2) New commissioner orientation
3) Next Meeting: Friday, October 14, 7:00 AM

I. Adjournment

Glen Ellyn Finance Commission
535 Duane Street
Glen Ellyn, IL 60137

Meeting 9/9/2022 7:00 AM
Department: Finance
Department Head: Larry Noller
Category: Minutes
Prepared By: Patrick Brankin

AGENDA ITEM (ID # 2022-2595)

DOC ID: 2022-2595

Minutes - Regular Meeting - August 12, 2022

Statement of the Issue:
Please see the attached minutes for approval.

Analysis:
N/A

Budget Impact:
N/A

Action Requested:
Approval of the attached minutes.

Attachments:
1. 8.12.2022 Finance Commission Minutes

FINANCE COMMISSION MEETING
MINUTES
AUGUST 12, 2022

CALL TO ORDER:

Jeremy S. VanEk	Chair	Present
Anne Arnold Andino	Commissioner	Present
Lea Dan	Commissioner	Present
Jose DeLeon	Commissioner	Present
Christopher Goodman	Commissioner	Present
Mike Graham	Commissioner	Present
Scott R. Greeno	Commissioner	Present
Christopher Oakes	Commissioner	Present
Brian Niska	Commissioner	Present
Camille White	Student Commissioner	Excused Absence

Also, present: Trustee Payne, Village Manager Mark Franz, Finance Director Larry Noller, Assistant Finance Director Patrick Brankin, and Recording Secretary Haslett.

A. **Call To Order**

The regular meeting was called to order at 7:00AM. By Chair Jeremy VanEk at 535 Duane Street, in Glen Ellyn, Illinois.

B. **Public Comment (Non-Agenda Item)**

None.

C. **Approval of Minutes**

1) Minutes – June 10, 2022

MOVE TO APPROVE THE MINUTES OF THE FINANCE COMMISSION MEETING AS AMENDED FROM 6/10/2022.

RESULT	**Motion Unanimously Carried**
MOVER:	**Commissioner Graham**
SECONDER:	**Commissioner DeLeon**
AYES:	**Andino, Dan, DeLeon, Goodman, Graham, Greeno, Niska, Oakes, and J. VanEk**
ABSENT:	**None.**

D. **Financial Reports**

1. Annual Comprehensive Financial Report as of December 31, 2021

Finance Director Noller thanked Assistant Finance Director Brankin for leading the 2021 audit. The Village received an unmodified opinion for the audit. This is the highest rating available and means the financial reports are materially correct. Finance Director Noller highlighted key items from the audit. The Village's total net position is $244,422,958. The net change in fund balances for the General Fund was $2,165,913. The Police Pension Fund had a good year with net position going from $35,656,781 in 2020 to $38,947,823 in 2021. The IMRF pension fund was funded at 117.86%, while the Police Pension Fund was at 68.05%.

2. 2022 Mid-Year Financial Report and Budget Review

Mid-Year Review
Finance Director Noller presented the 2022 Mid-Year Financial report as of June 30, 2022, which is presented on a budget basis. The Village is expected to have another good year. Revenues are exceeding last year's actuals by about $1.91 million and are exceeding the budget by about $1.36 million. These increases are due to income taxes being $695,000 ahead of last year, and both the sales and home rule sales taxes are trending above budget. With closing on the Roosevelt Road hotel property, which cost $2.7 million, expenses are above the prior year actuals. Sales, home rule, and income taxes are tracking significantly above budget. The Village's restaurants are doing better coming out of the pandemic as reflected in the growth of the food and beverage tax. Real estate transfer taxes are expected to trend below last year due to the increase in interest rates and a reduction in the number of houses sold. The Village used $500,000 in General Fund reserves for the Roosevelt Road hotel purchase. June 2022 was a million-dollar month for the Village Links and banquet business is doing very well. Staff completed the Police Pension state consolidation this past April. With the consolidation, the Police Pension Fund earned a negative -10% rate of return through June 2022.

Budget Review
Finance Director Noller projected that the Village would end the year, $2 million above budget in revenues based upon the recent increases in sales and income taxes. Total expenses will most likely be $2 million above the budget due to the hotel purchase. The Village's department heads expect their budgets to remain within budget for the remainder of the year.

The Village expects to receive $3.8 million in ARPA funds. In January 2022, the U.S. Treasury Department issued new guidelines for spending ARPA funds. Now governments receiving less than $10 million, can claim the funds as a standard allowance and this money can be used for general government services which includes public safety salaries. Given the new flexible guidance, staff is now recommending the ARPA funds be entirely applied toward public safety salaries. This will allow the Village to still complete the projects that were initially going to be funded using ARPA funds. A discussion of the ARPA funds ensued. Finance Director Noller explained the Village will spend the ARPA funds on public safety salaries this year, which will be in compliance with the ARPA spending guidelines. Assistant Finance Director Brankin said the auditors agreed with this approach and indicated that other municipalities are following the same methodology.

3. General Fund Financial Report – June 2022

Assistant Finance Director Brankin said the performance of the General Fund has been really strong. Even with the hotel purchase, there is a positive change in fund balance through June. The Finance budget variance is due to the timing of filling personnel vacancies. Building expenses are tracking higher due to the difficulty in hiring a civil engineer. Sales taxes are starting to plateau, while income taxes are still at an all-time high.

4. Village Links/Reserve 22 Financial Reports – June 2022

   Assistant Finance Director Brankin noted the June 2022 report included some comparative information from 2019. Finance Director Noller said the Village Links earned $1.1 million in revenues for June, which is the first time this has occurred.

5. Cash and Investments Report Q2 2022

   Assistant Finance Director Brankin said the Village's cash value as of June 30, 2022 was $84.1 million. The Village's cash value is always at a high value in June due to the property taxes receipted from DuPage County. Investment income is increasing over prior years with $153,583 earned compared to $17,802 last year. There was some discussion of re-establishing a sub-committee regarding the management of the Village's investments.

E. **Trustee Liaison's Report**

Trustee Payne provided an update on Village Board activities. Village Manager Franz provided a capital update.

F. **Chair Report**

Chair VanEk welcomed Commissioner Andino, Commissioner Graham, and Commissioner Niska to their first Finance Commission meeting. A new Commissioner Orientation is scheduled for after the next meeting on Friday, September 9, 2022. Chair VanEk thanked Finance Director Noller and Assistant Finance Director Brankin for their smooth operations during the transition.

G. **Other Business**

1) Economic Development Update

   Village Manager Franz updated the Finance Commission on recent economic development activities during the Trustee Liaison's report.

2) New Commissioner Orientation – scheduled for Friday, September 9, 2022 immediately following the Finance Commission meeting.

3) Next Meeting: Friday, September 9, 2022 at 7:00AM

H. **Adjournment**

1. Motion to Adjourn

   Commissioner Oakes moved and Commissioner Greeno seconded, to adjourn the meeting. The meeting was adjourned at 8:19AM.

Submitted by Aileen Haslett, Recording Secretary

Glen Ellyn Finance Commission
535 Duane Street
Glen Ellyn, IL 60137

Meeting 9/9/2022 7:00 AM
Department: Finance
Department Head: Larry Noller
Category: Report
Prepared By: Larry Noller

AGENDA ITEM (ID # 2022-2594)

DOC ID: 2022-2594

Presentation of Water and Sewer Rate Study by NewGen Strategies and Solutions

Statement of the Issue:
Eric Callocchia from NewGen Strategies & Solutions will present the water and sewer rate study prepared for the Village.

Analysis:
The Village Board approved the preparation of a water and sewer rate study by NewGen Strategies and Solutions earlier this year. NewGen was selected by a steering group composed of Public Works and Finance staff following a request for proposal process with four firms responding. The intent of the study is to ensure that the Village's water and sewer rates are sufficient to generate the revenue necessary to operate, maintain, repair, rehabilitate, and replace the Village's water and sewer systems.

Budget Impact:
NewGen's study includes recommended rate increases starting in 2023.

Action Requested:
The Finance Commission is requested to review the report and consider a recommendation regarding water and sewer rates at the October meeting.

Attachments:
1. Rate Study Presentation
2. Rate Study Draft Report

September 9, 2022

WATER AND SEWER RATE STUDY DRAFT RESULTS

VILLAGE OF GLEN ELLYN

PRESENTATION TO THE VILLAGE FINANCE COMMISSION

NewGen Strategies & Solutions

AGENDA

- Firm Introduction
- Study Methodology and Guiding Principles
- Expense and Revenue Forecasts
- Recommended Rates
- Customer Impacts and Regional Comparisons

NEWGEN STRATEGIES AND SOLUTIONS, LLC

OUR FIRM

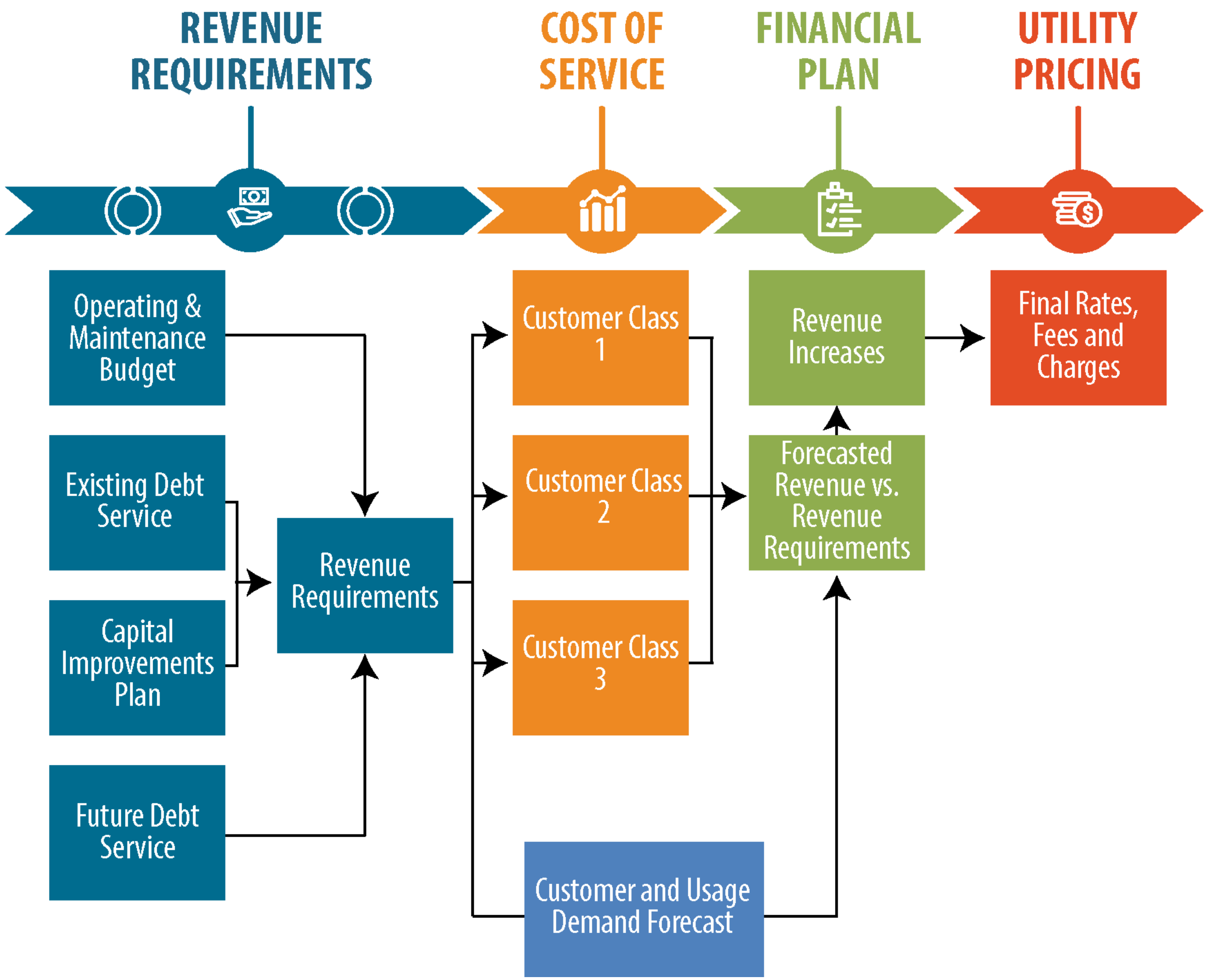
50+
employees

We recognize the need for strategic intent behind the actions of our clients. Our results empower decision-makers to implement sound public policy that incorporates community input, market direction, and regulatory mandates.

12
Locations nationwide

OUR CLIENTS

RATE STUDY METHODOLOGY



- **Revenue Requirements:**
  Development of the full cost of providing water sewer, and stormwater service, including reserves.
- **Cost of Service:**
  Allocation of revenue requirements to customer classes or similar types of customers.
- **Financial Plan:**
  Development of a financial plan to fund each system's revenue requirements over time.
- **Utility Pricing:**
  Review of the current and alternative rate designs based on revenue needs and rate design pricing objectives with specific rate projections.

RATE STUDY GUIDING PRINCIPLES

The Systems Must Be Financially Self-Sufficient

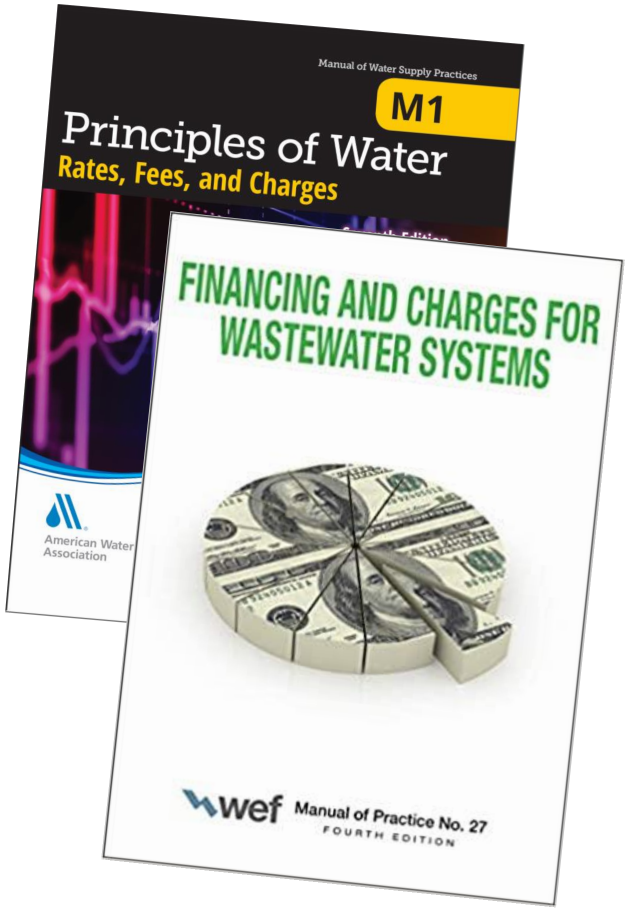
- No subsidies from General Fund
- Those who cause the expenses pay for the expenses, i.e., users

Objective is to Keep Rates and Fees Low Over Time

- Adequate funding to keep facilities in good condition to prolong useful life
- Maintenance of Reserves and Debt Coverage
- Rate increases regularly, gradually, and smoothly

Someone Must Pay

- Operating and capital costs are largely fixed
- Discounts/rebates for any group of customers means other customers must pay more
- “Zero sum” game



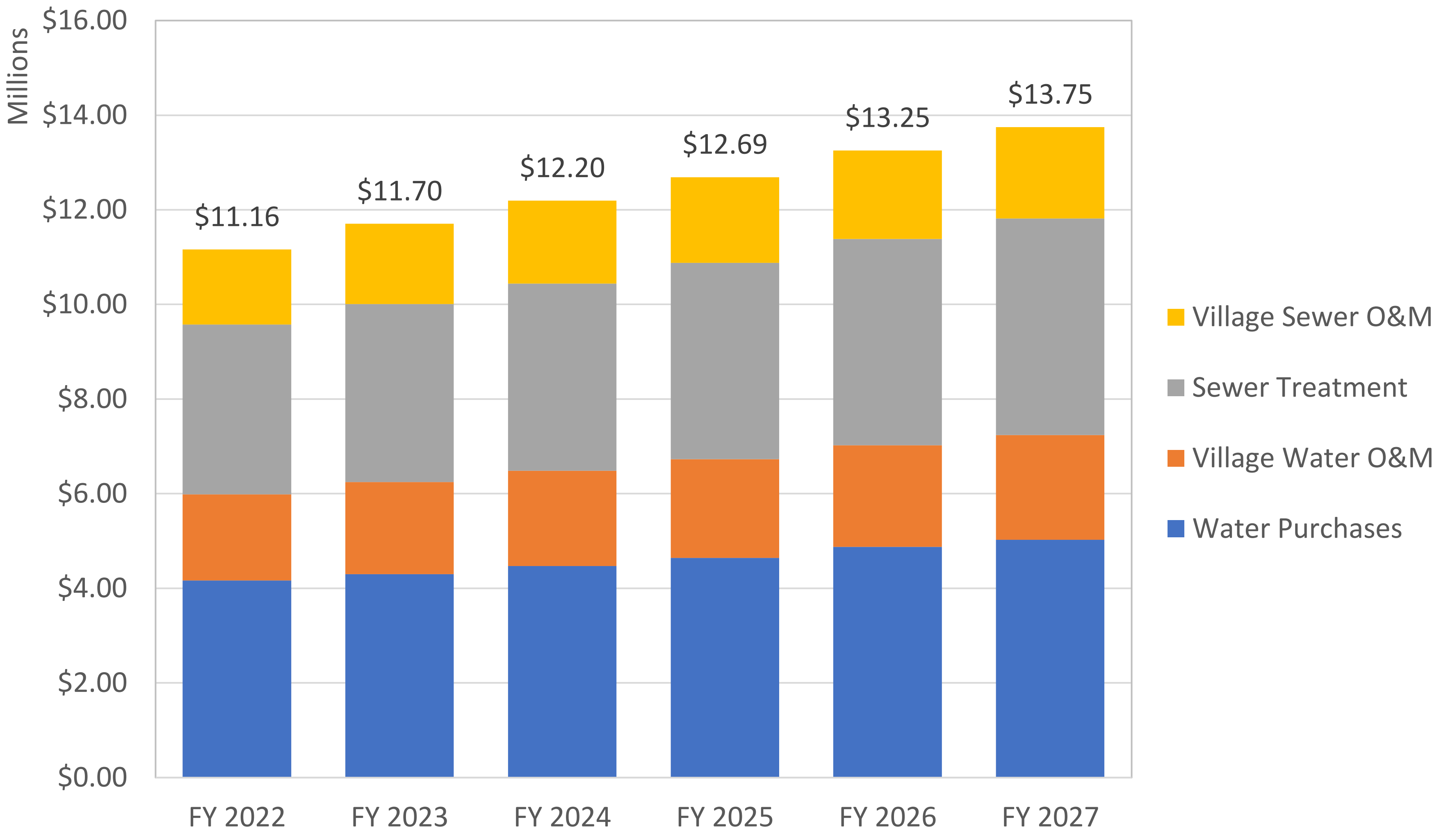
KEY REVENUE REQUIREMENT FORECAST ITEMS

- Forecasts based of FY 2022 operating budget, escalated by an average of about 4.0% per year over the next five years
- Cost of water purchased from DuPage Water Commission and payments to Glenbard Wastewater Authority escalated at 5.0% per year
- Capital Improvement Plans for FY 2022 – FY 2027:

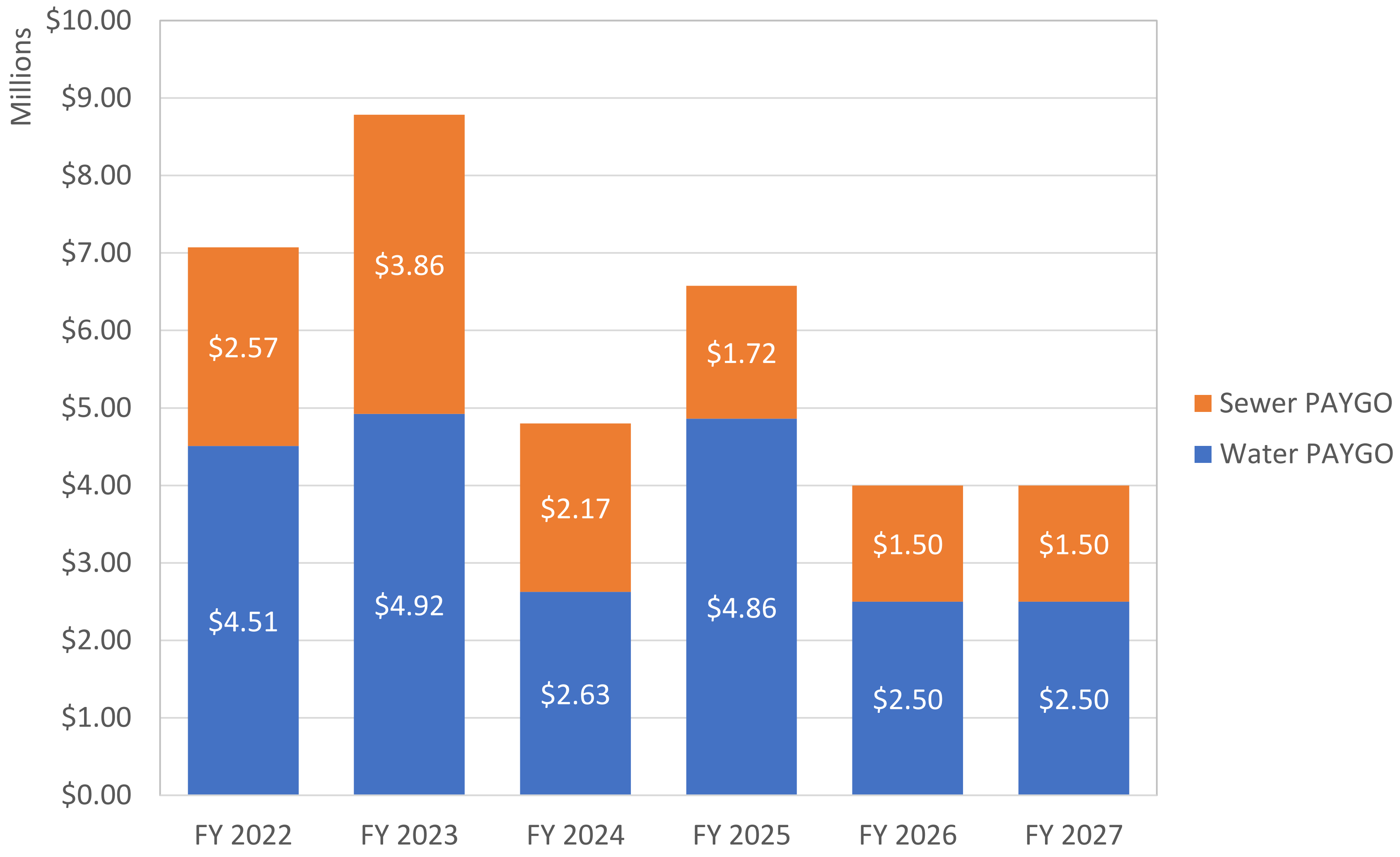
  $12.9 million $13.3 million

  - Major projects include Roosevelt Road Water Main, Route 53 Water Main Lining, Royal Glen, CBD Underground/Streetscape Improvements, Bemis Road
- CIP 100% PAYGO funded (no new debt for water or sewer capital projects)

O&M EXPENSE FORECAST

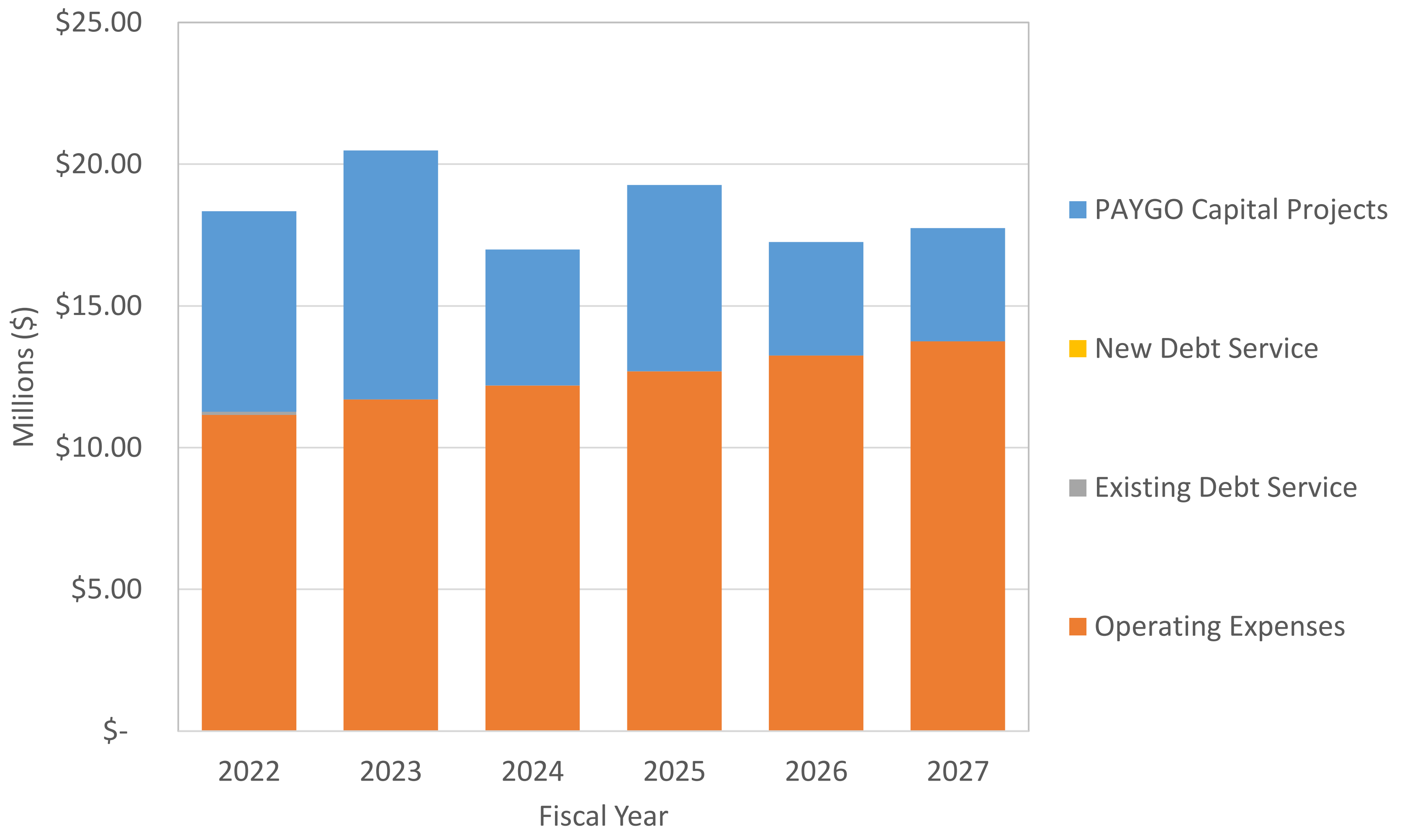


PLANNED CAPITAL SPENDING



FORECASTED WATER AND SEWER FUND REVENUE REQUIREMENT

Sewer debt service (IEPA Loan) paid off in FY 2022.



WATER AND SEWER CUSTOMERS AND DEMAND

FY 2021 Data	Customer Accounts	%	Water Demand (kGal)	%
Inside Village	8,340	99.76%	743,789	98.9%
Outside Village	19	0.23%	5,336	0.7%
Glen Oak	1	0.01%	3,000	0.4%
Totals	**8,360**		**752,125**	

- Customer forecast assumptions:
  - No long-term growth in customer accounts expected
  - 3.0% decline in water consumption over the study period FY 2022 – FY 2027.

RECOMMENDED MINIMUM FUND RESERVE POLICY

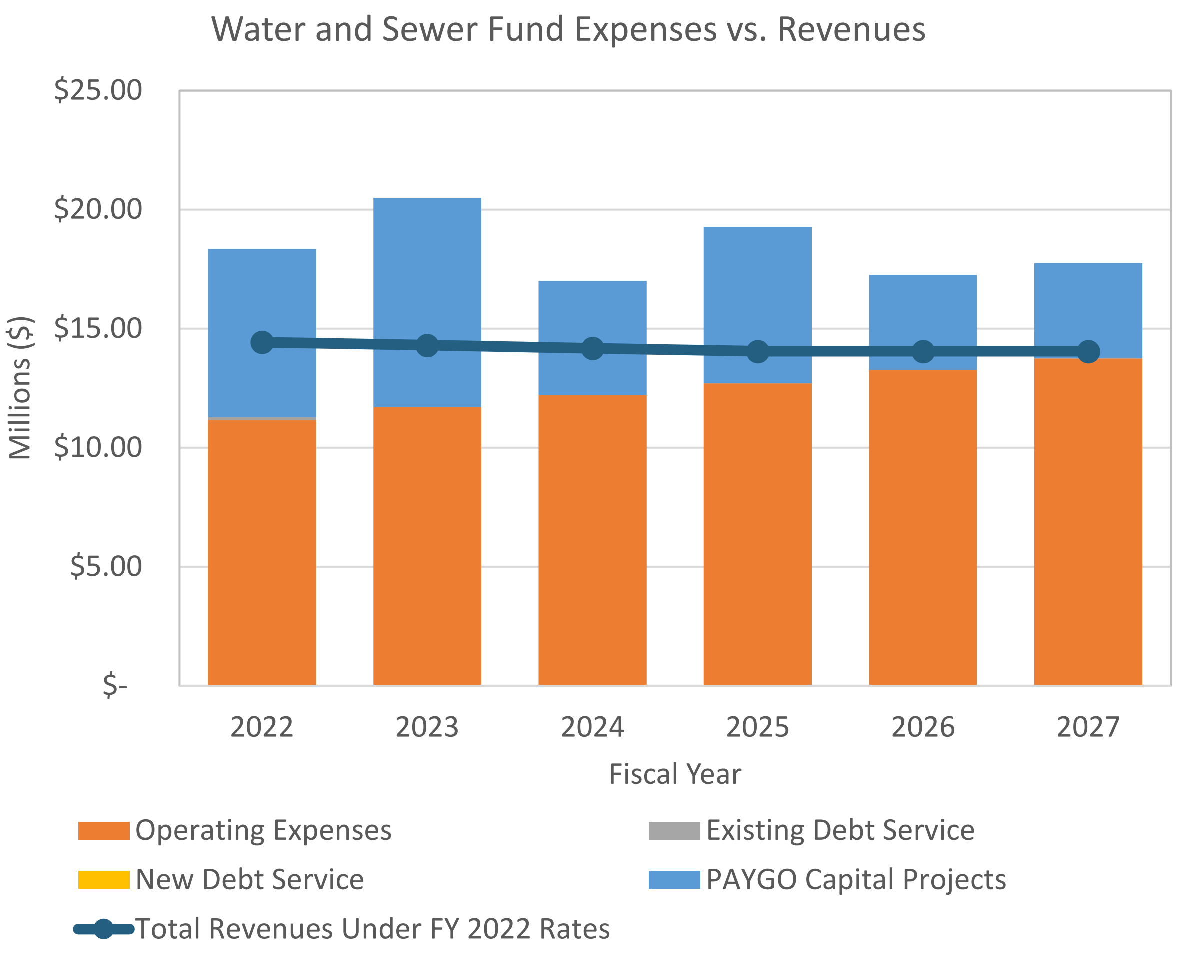
Current Policy

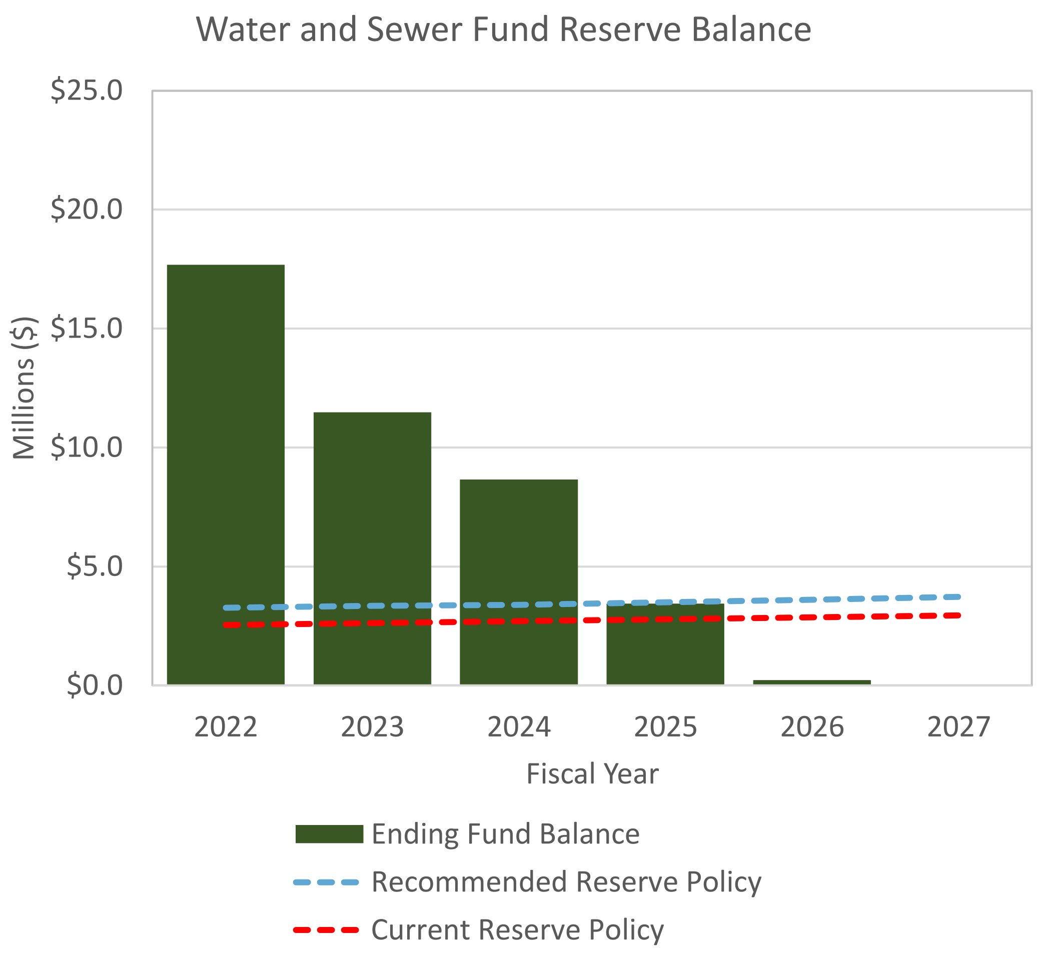
- Calculated several years ago
- $2.0 million
  - Escalated for future inflation
- NewGen assumed 3.0% inflation
- FY 2022 policy = $2.5 million

Recommended Policy

- Tie policy to operating and capital costs of the systems
  - Minimum will increase along with cost structure of system
- O&M = 90 days of expenses
- Capital = 30 days of average five-year planned PAYGO
- FY 2022 policy = $3.2 million

WATER AND SEWER FUND FORECASTS AT FY 2022 RATES

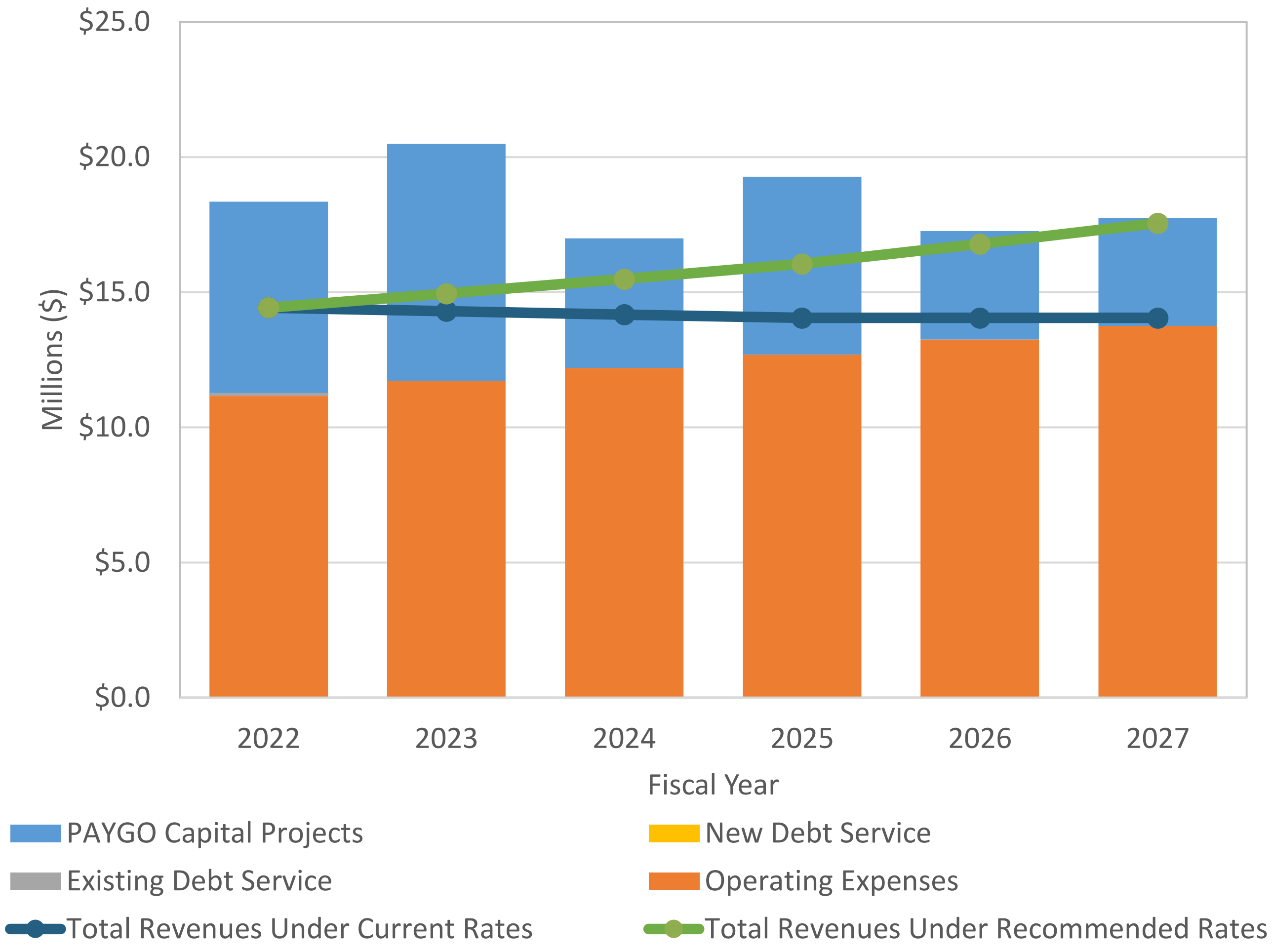




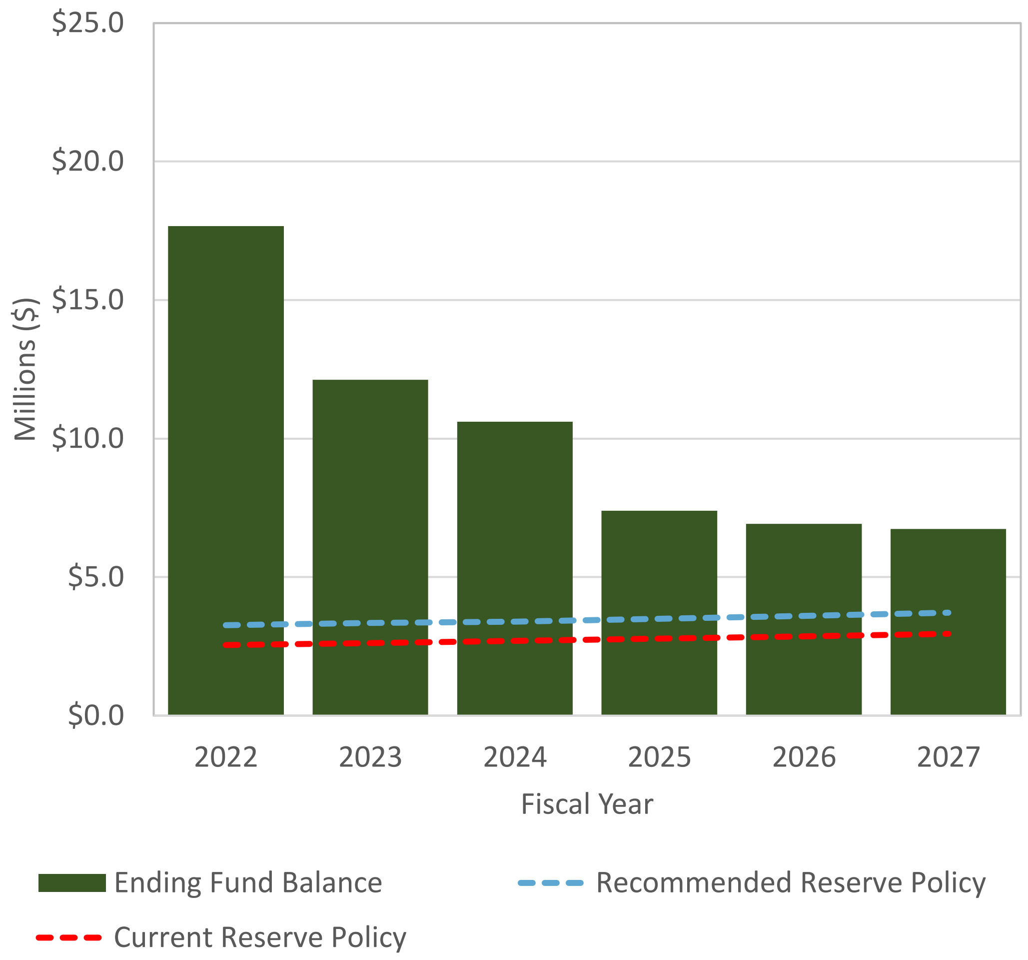
Note: The Village has not increased water or sewer rates since 2018.

WATER AND SEWER FUND CASH FLOW – RECOMMENDED RATES

Water and Sewer Fund Expenses vs. Revenues



Water and Sewer Fund Reserve Balance



RECOMMENDED RATE ALTERNATIVE (INSIDE VILLAGE RATES)

- Current Rate Structure: 5.0% per year increases:

Rate per 1,000 gallons	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Water	$9.93	$10.43	$10.95	$11.50	$12.07	$12.67
Sewer	$7.18	$7.54	$7.92	$8.31	$8.73	$9.16

- Alternative Rate Structure: will generate same revenue:

Water and Sewer Combined	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Fixed Fee per Month						
5/8"		$10.64	$14.99	$19.67	$24.91	$30.62
3/4"		$14.39	$20.83	$27.77	$35.54	$44.01
1"		$21.88	$32.52	$43.97	$56.80	$70.80
1 1/2"		$40.61	$61.73	$84.47	$109.95	$137.77
Rate per 1,000 gallons						
Water	$9.93	$9.38	$9.31	$9.20	$9.05	$8.87
Sewer	$7.18	$6.74	$6.66	$6.55	$6.41	$6.25

CUSTOMER BILL IMPACTS

Current Rate Structure		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Minimum Use		**$34.22**	**$35.93**	**$37.73**	**$39.61**	**$41.59**	**$43.67**
2 kgal/mo.		*$ Change*	*$1.71*	*$1.80*	*$1.89*	*$1.98*	*$2.08*
5/8" Meter		*% Change*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*
Average Use		**$68.44**	**$71.86**	**$75.46**	**$79.23**	**$83.19**	**$87.35**
4 kgal/mo.		*$ Change*	*$3.42*	*$3.59*	*$3.77*	*$3.96*	*$4.16*
5/8" Meter		*% Change*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*
High Use		**$342.20**	**$359.31**	**$377.28**	**$396.14**	**$415.95**	**$436.74**
20 kgal/mo.		*$ Change*	*$17.11*	*$17.97*	*$18.86*	*$19.81*	*$20.80*
5/8" Meter		*% Change*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*

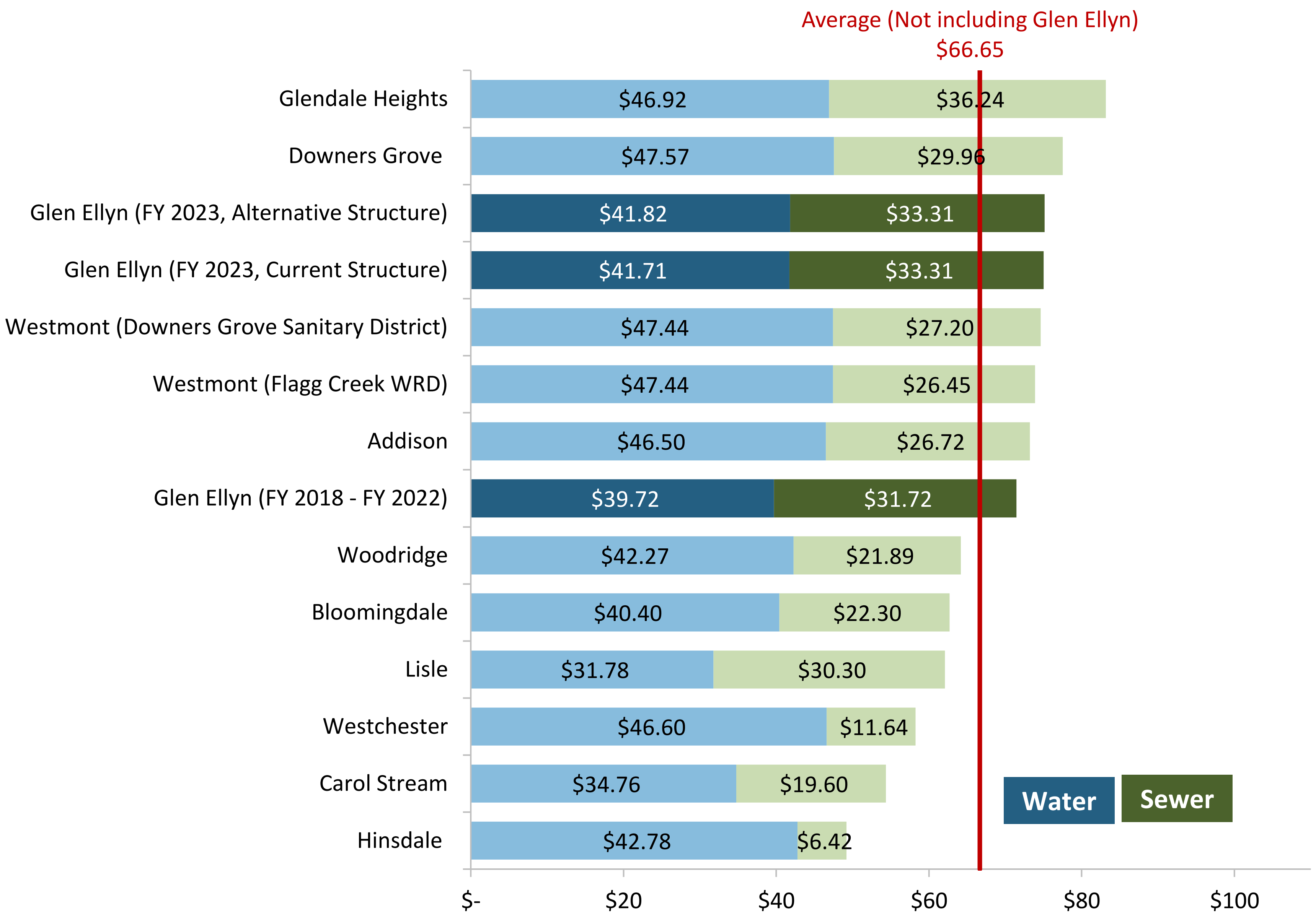
Alternative Rate Structure		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Minimum Use		**$34.22**	**$39.74**	**$43.61**	**$47.69**	**$52.19**	**$57.03**
2 kgal/mo.		*$ Change*	*$5.52*	*$3.87*	*$4.08*	*$4.50*	*$4.84*
5/8" Meter		*% Change*	*16.1%*	*9.7%*	*9.4%*	*9.4%*	*9.3%*
Average Use		**$68.44**	**$71.99**	**$75.54**	**$79.18**	**$83.13**	**$87.27**
4 kgal/mo.		*$ Change*	*$3.55*	*$3.55*	*$3.64*	*$3.95*	*$4.14*
5/8" Meter		*% Change*	*5.2%*	*4.9%*	*4.8%*	*5.0%*	*5.0%*
High Use		**$342.20**	**$329.98**	**$330.95**	**$331.10**	**$330.59**	**$329.19**
20 kgal/mo.		*$ Change*	*($12.22)*	*$0.97*	*$0.15*	*($0.52)*	*($1.40)*
5/8" Meter		*% Change*	*(-3.6%)*	*0.3%*	*0.0%*	*(-0.2%)*	*(-0.4%)*

REGIONAL WATER AND SEWER BILL COMPARISON

Average Inside Village Customer

5/8” Meter

4,000 gallons per month



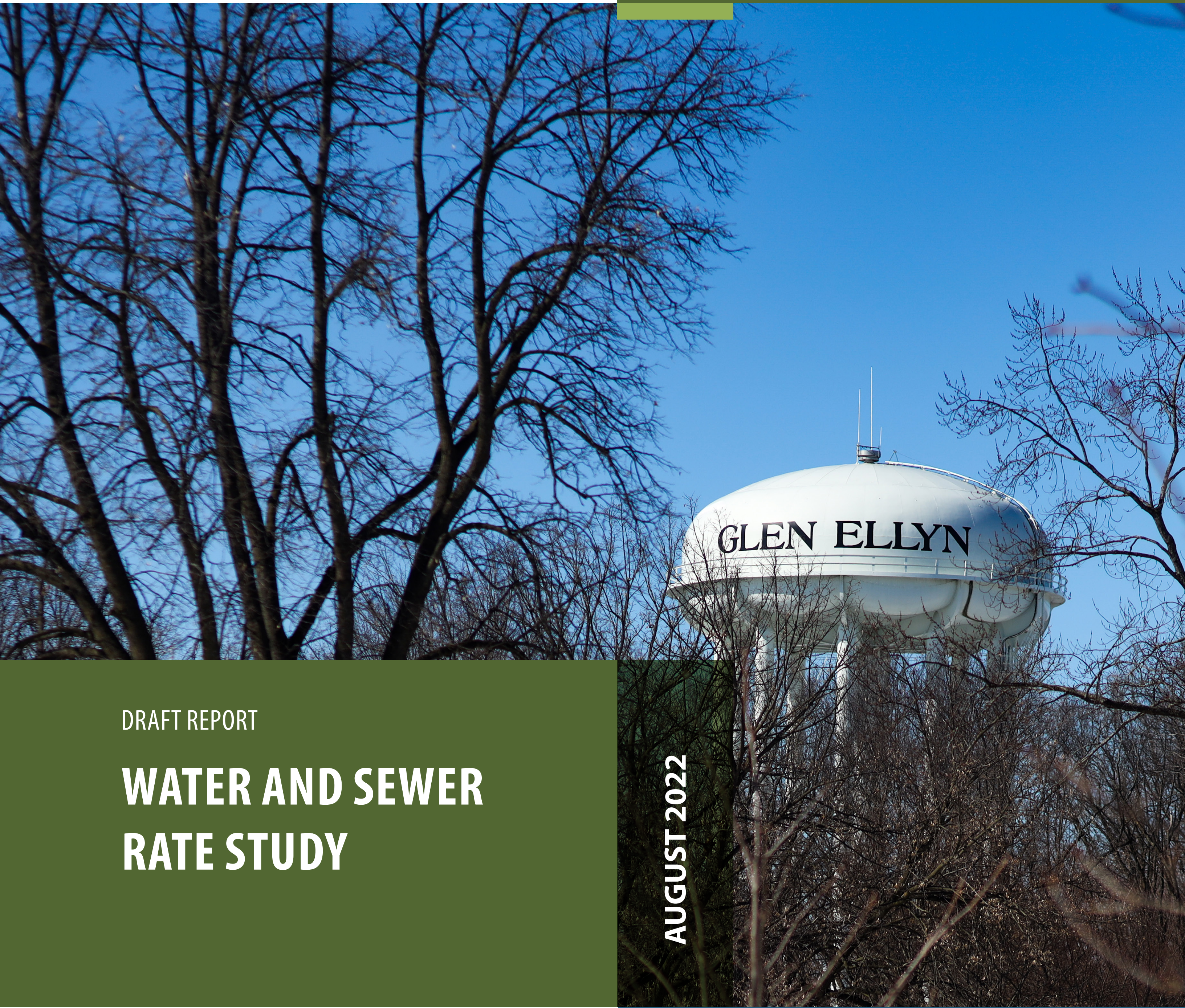
THANK YOU!

NEWGEN STRATEGIES AND SOLUTIONS
911-A COMMERCE RD
ANNAPOLIS, MD 21401

ERIC CALLOCCHIA
ECALLOCCHIA@NEWGENSTRATEGIES.NET
443-951-4207

NewGen Strategies & Solutions

www.newgenstrategies.net



DRAFT REPORT

WATER AND SEWER RATE STUDY

AUGUST 2022

VILLAGE OF GLEN ELLYN
1834

Prepared for:
Glen Ellyn Public Works
30 S. Lambert Road
Glen Ellyn, Illinois 60137

NewGen Strategies & Solutions

911-A Commerce Road
Annapolis, MD 21401
Phone: (410) 266-9101

August 31, 2022

John Hubsky
Assistant Public Works Director
Glen Ellyn Public Works
30 S. Lambert Road
Glen Ellyn, IL 60137

Subject: Water and Sewer Rate Study Report

Dear Mr. Hubsky:

NewGen Strategies and Solutions, LLC (NewGen) is pleased to submit to the Village of Glen Ellyn our report detailing our completed Water and Sewer Rate Study. This report summarizes our study's results regarding the forecasted costs of providing water and sewer service to the Village's customers and our recommendations for recovering these costs over the next five years. Our recommendations relating to revenue increases will result in the sustainable operation of the Village's water and sewer utilities and the financial health of the Village's Water and Sewer Fund.

We appreciate the opportunity to provide our services to the Village and would like to express our sincere appreciation to Village staff. The dedication and assistance provided by Village staff was essential to the completion of this study. It has been a distinct pleasure to work with the Village of Glen Ellyn. Please contact us if you have any questions regarding our study or our recommendations.

Sincerely,

DocuSigned by:
C11651334F8F462...
Eric Callocchia
Principal
NewGen Strategies and Solutions, LLC

DocuSigned by:
Aidan Oates
95BBEDC8271340F...
Aidan Oates
Consultant
NewGen Strategies and Solutions, LLC

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EXECUTIVE SUMMARY

NewGen's recommendations for the Village's water and sewer rates center around revenue increases. NewGen used the Village's FY 2022 operating budget and ten-year capital improvement plan as the basis for its projections with appropriate cost escalation for future years. A key assumption of the study is that the Village will not take on any additional debt to finance capital improvement projects.

NewGen's study determined that the Village's FY 2022 rates are not sufficient to maintain the financial and operational health of the Village's Water and Sewer Fund over the next five years. The following figures show the expenses vs. revenues and fund balance projections if the Village does not increase water or sewer rates over the five-year planning period.

Figure E-1: Water and Sewer Expenses vs. Revenues at FY 2022 Rates

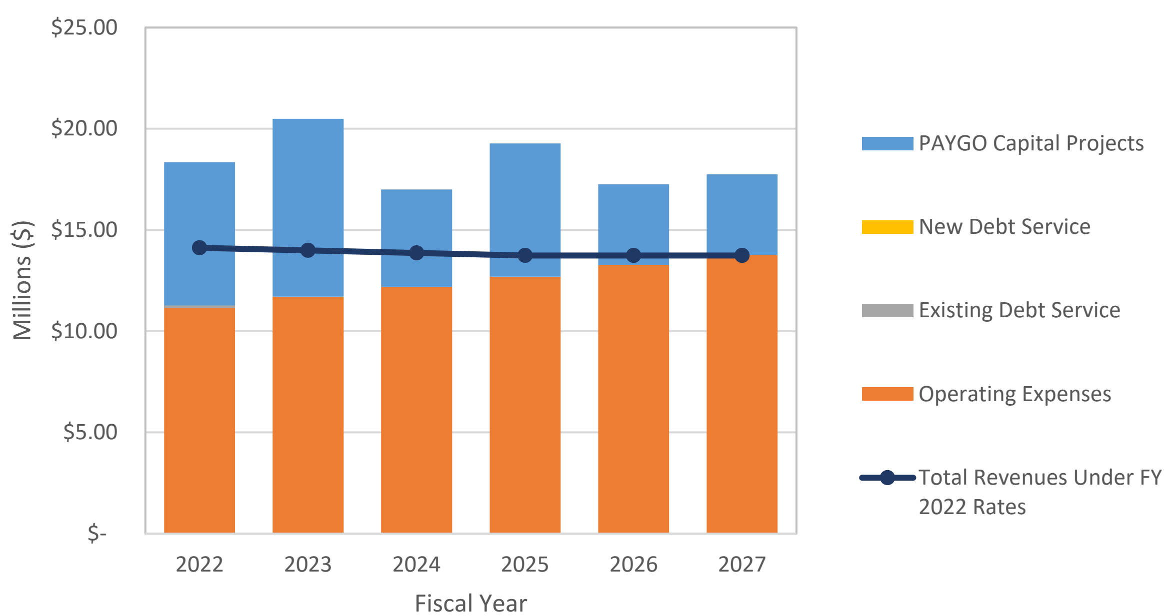
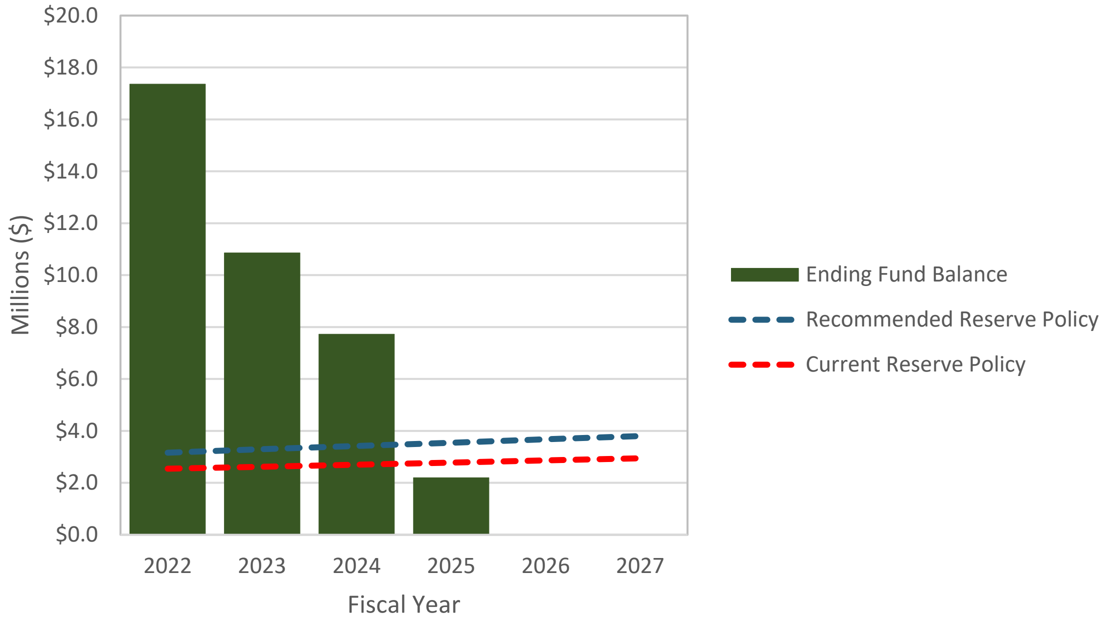


Figure E-2 shows the forecasted Water and Sewer Fund balance if the Village does not increase any water or sewer rates above the current FY 2022 rates. As a part of the study, NewGen evaluated the Village's current Water and Sewer Fund reserve policy. The Village established a policy several years ago of a minimum fund balance of $2.0 million with an annual escalation factor. NewGen calculated that this results in a current fund balance policy of $2.5 million.

NewGen's recommendation is to base the Village's Water and Sewer Fund balance minimum policy on the operating and maintenance (O&M) and capital costs of the system. NewGen recommends maintaining a minimum of 90 days of annual O&M costs and 30 days of annual pay-as-you-go (PAYGO) capital costs. As the Village's costs increase this fund balance policy will increase as well, ensuring the financial stability of the Water and Sewer Fund. The fund balance chart below shows both the current Village policy and NewGen's recommended policy.

Figure E-2: Water and Sewer Fund Balance Projection at FY 2022 Rates



NewGen's recommended revenue increases to maintain the financial health of the Village's Water and Sewer Fund are shown in Table E-1 below. The increases are necessary to meet the future inflation adjusted O&M costs and capital investments required to support the Village's water and sewers systems.

Table E-1
Recommended Water and Sewer Revenue Increases

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Water Rate Revenues	5.0%	5.0%	5.0%	5.0%	5.0%
Sewer Rate Revenues	5.0%	5.0%	5.0%	5.0%	5.0%

The following figure shows the Water and Sewer Fund expenses and revenues if the Village adopts the revenue increases shown in Table E-1.

Figure E-3: Water and Sewer Expenses vs. Revenues at Recommended Rates

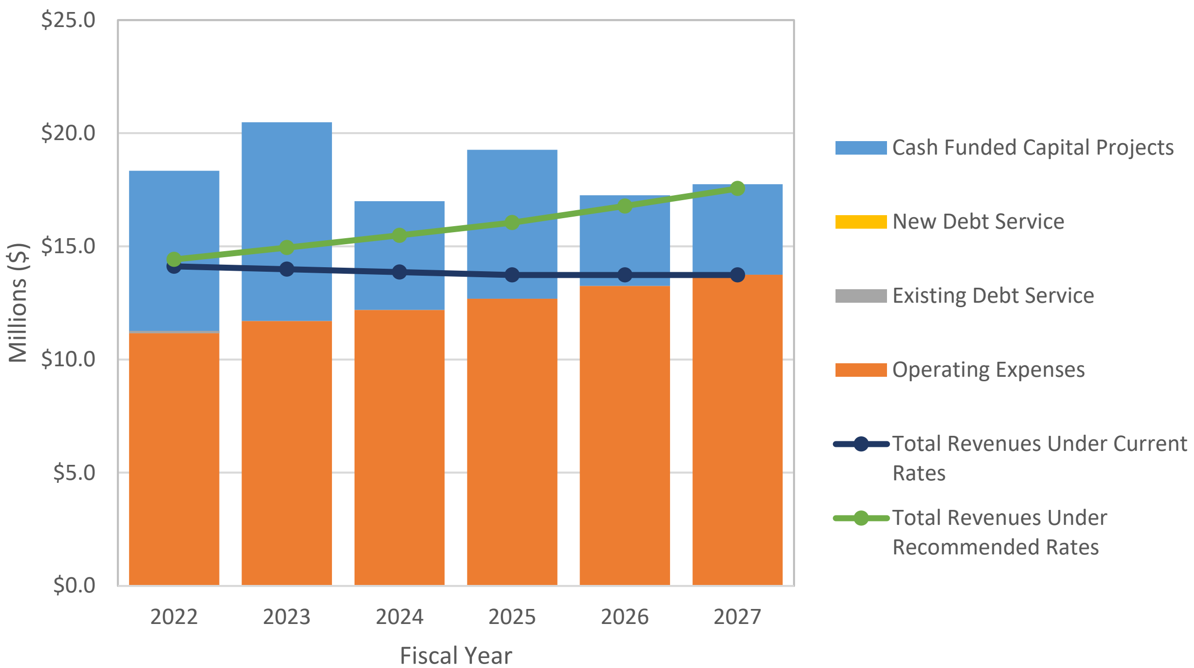
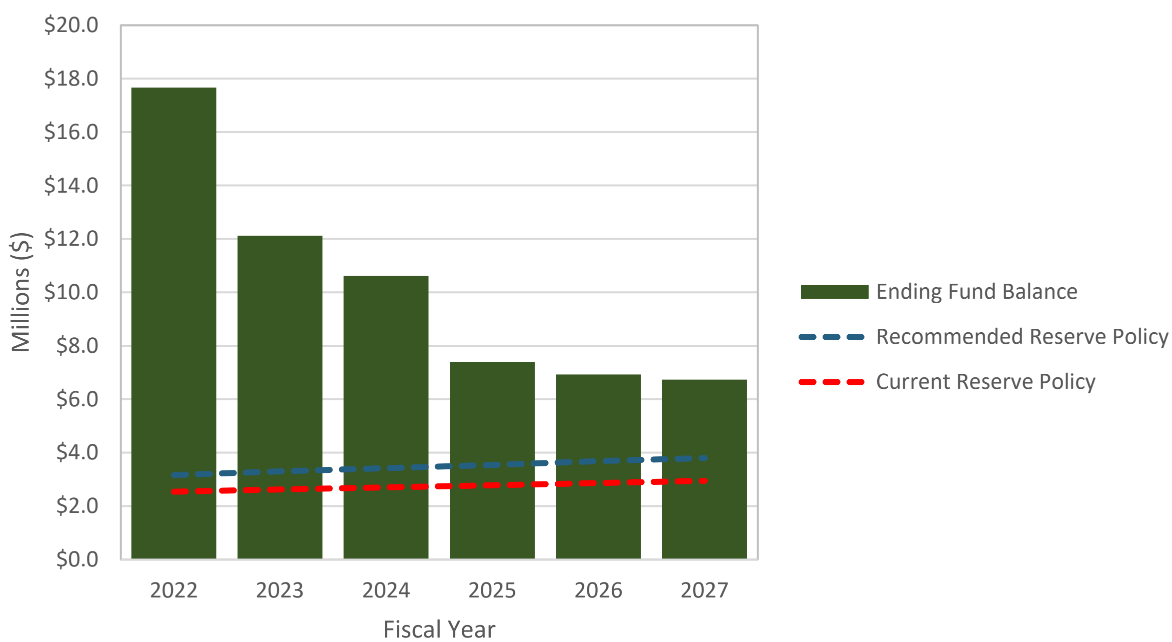


Figure E-4 shows the forecasted Water and Sewer Fund balance if the Village adopts each of the annual rate increases shown in Table E-1.

Figure E-4: Water and Sewer Fund Balance Projection at Recommended Rates



NewGen developed an alternative rate structure for the Village's water and sewer rates. Currently, the Village charges only a volumetric rate per 1,000 gallons of usage per month, with a monthly minimum of 2,000 gallons. NewGen developed a rate alternative that includes a fixed monthly fee based on meter size that includes no usage, and a volumetric rate per 1,000 gallons for all metered usage. The impact of the alternative rate structure is different on customers based on their water demand.

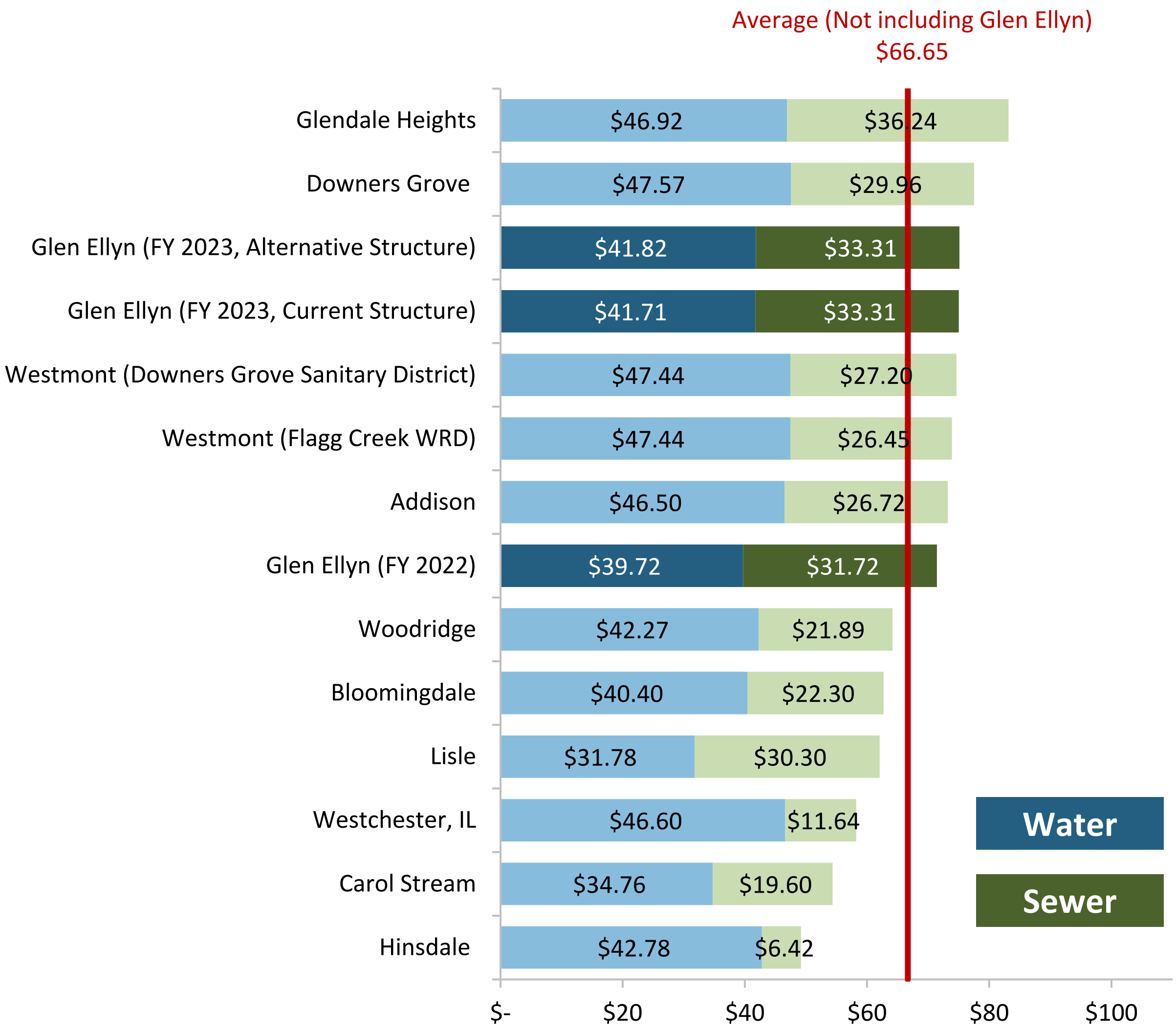
The average Village residential customer uses 4,000 gallons of water per month. Table E-2 shows the impact of the recommended revenue increases on sample Village residential customers under both the current and alternative rate structure. Both rate structures include the revenue increases recommended in Table E-1 and generate the same amount of total water and sewer revenue.

Table E-2
Projected Combined Water and Sewer Monthly Customer Bills

		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Current Rate Structure							
Minimum Use		**$34.22**	**$35.93**	**$37.73**	**$39.61**	**$41.59**	**$43.67**
2 kgal/mo.		*$ Change*	*$1.71*	*$1.80*	*$1.89*	*$1.98*	*$2.08*
5/8" Meter		*% Change*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*
Average Use		**$68.44**	**$71.86**	**$75.46**	**$79.23**	**$83.19**	**$87.35**
4 kgal/mo.		*$ Change*	*$3.42*	*$3.59*	*$3.77*	*$3.96*	*$4.16*
5/8" Meter		*% Change*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*
High Use		**$342.20**	**$359.31**	**$377.28**	**$396.14**	**$415.95**	**$436.74**
20 kgal/mo.		*$ Change*	*$17.11*	*$17.97*	*$18.86*	*$19.81*	*$20.80*
5/8" Meter		*% Change*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*
Alternative Rate Structure							
Minimum Use		$34.22	$39.74	$43.61	$47.69	$52.19	$57.03
2 kgal/mo.		*$ Change*	*$5.52*	*$3.87*	*$4.08*	*$4.50*	*$4.84*
5/8" Meter		*% Change*	*16.1%*	*9.7%*	*9.4%*	*9.4%*	*9.3%*
Average Use		$68.44	$71.99	$75.54	$79.18	$83.13	$87.27
4 kgal/mo.		*$ Change*	*$3.55*	*$3.55*	*$3.64*	*$3.95*	*$4.14*
5/8" Meter		*% Change*	*5.2%*	*4.9%*	*4.8%*	*5.0%*	*5.0%*
High Use		$342.20	$329.98	$330.95	$331.10	$330.59	$329.19
20 kgal/mo.		*$ Change*	*($12.22)*	*$0.97*	*$0.15*	*($0.52)*	*($1.40)*
5/8" Meter		*% Change*	*(-3.6%)*	*0.3%*	*0.0%*	*(-0.2%)*	*(-0.4%)*

If the Village adopts the rates recommended in this report in FY 2023, then the Village's combined water and sewer bill for an average inside Village customer would remain just above average of similar utilities in the region, as shown in Figure E-5.

Figure E-5: Regional Bill Comparison – Residential Customer, 5/8" Meter, 4 kgal/mo.



Section 1
STUDY BACKGROUND AND SCOPE OF WORK

Study Background

The Village Glen Ellyn is in DuPage County, Illinois, United States, about 24 miles west of Chicago. The Village of Glen Ellyn's Utilities Division within the Public Works Department maintains watermain, sanitary sewer, and storm sewer infrastructure.

The Village's water distribution system contains approximately 110 miles of water main, 1,300 fire hydrants, 1,600 valves and has over 8,200 water services. The sanitary sewer collection system comprises around 85 miles of sewer mains with over 2,000 manholes and contains five lift stations. The storm sewer collection system contains about 65 miles of piping, 3,100 catch basins and inlets and 1,200 manholes. The Village's sanitary sewer collection system conveys wastewater to the Glenbard Wastewater Authority (GWA), the treatment plant for both Glen Ellyn and Lombard.

The Village engaged NewGen Strategies and Solutions, LLC to complete a Water and Sewer Rate Study to ensure that the Village's water and sewer rates are sufficient to generate the revenue necessary to operate, maintain, repair, rehabilitate, and replace the Village's utility systems while also maintaining appropriate Water and Sewer Fund reserves.

Project Approach

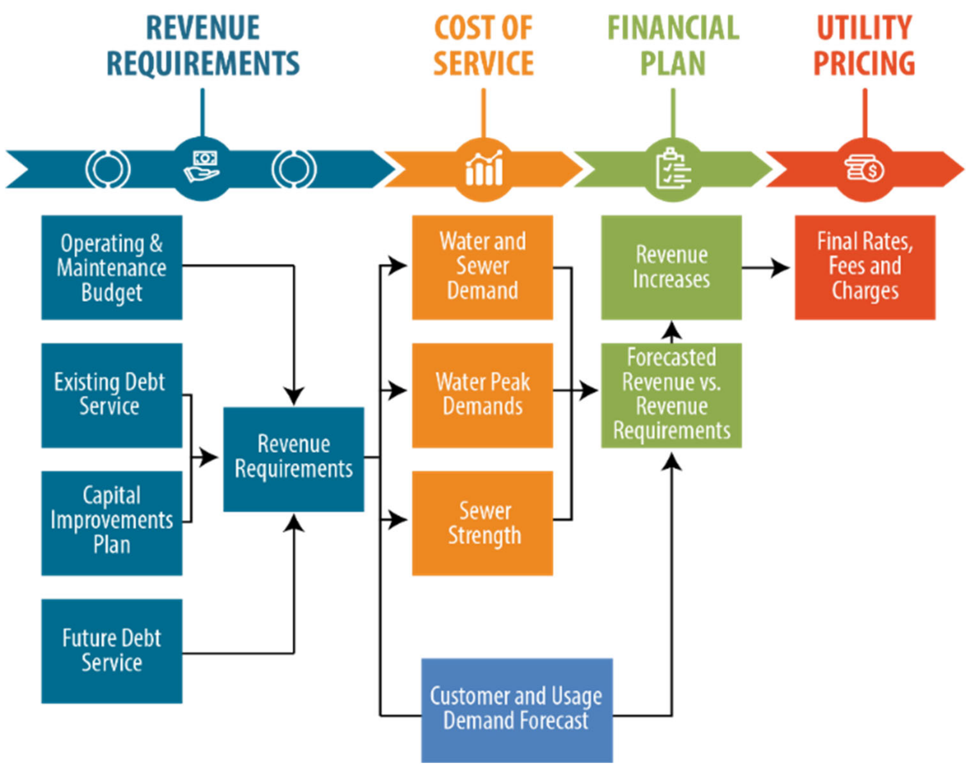
NewGen's approach to reviewing and evaluating municipal utility rates is governed by the view that the ideal rate structure must satisfy seven criteria:

- ***Equity*** requires that rates and charges result in no undue discrimination among customers or customer classes. Although equity is normally related to the cost of service, it should be realized that customer acceptance will center on preconceived notions of equity and fairness.
- ***Efficiency*** refers to the ability of the rate schedule to encourage wise use of the resources devoted to the services that the utility provides.
    - Rates should reflect the cost of providing service.
    - Rates should be similar for customers or customer classes served under similar conditions.
    - Customers should be able to understand the rate schedules so that they can make rational decisions regarding their purchase of additional service(s).
- ***Revenue Adequacy*** is the most fundamental of all considerations, as it recognizes that rates are cost driven. When evaluating any rate structure, the rates must produce revenues sufficient to operate the system and those rates produce sufficient revenues if there are changes in demand for service.
- ***Affordability*** means that the recommended rates must result in bills that are realistically within the ability of customers to pay.
- ***Sustainability*** means that the objective of the rate methodology is to keep rates low over time, not to merely keep them low for the short-term by omitting or deferring needed expenses such as maintenance and funding of necessary cash reserves.

- ***Administrative Simplicity*** recognizes that limits must be placed on the number of customer classes, the complexity of the rate schedule, and the frequency of billing.
- ***Legal and Regulatory Compliance*** is a prime consideration because rate structures must incorporate applicable local, state, and federal statutes.

The application of the criteria should recognize that a rate schedule is a form of public policy statement, setting forth those values that the utility considers important. Rate structures must be tailored to community perceptions, realities, and values. While each utility's budgeting, financial reporting and flow of funds is unique, a generalized schematic illustrating our approach to a cost of service / rate study is shown in the figure below.

Figure 1-1: Cost of Service Process



NewGen's approach to completing a utility rate study is completed in a four-step process which includes:

- **Revenue Requirements** - Development of the full cost of providing water and sewer service to each class of Village customers, including those costs that may not be identified such as the need for repair and replacement of assets (i.e., deferred maintenance).
- **Cost of Service** - Allocation of revenue requirements to customer classes or types of customers based on the cost of providing service and each class's demand for service.
- **Financial Plan** - Development of a financial plan to fund system revenue requirements considering customer and usage demand forecasts.
- **Utility Pricing** - Review of the current and alternative rate designs based on revenue needs and rate design pricing objectives with specific rate projections.

This report details the results of our study and our recommendations regarding water and sewer rates sufficient to meet the future costs of each utility.

Section 2
REVENUE REQUIREMENTS

The first step in the rate study is to identify and project the revenue requirements of the water and sewer systems. The revenue requirements reflect the true cost of operating and maintaining each system when accounting for day-to-day operation and maintenance (O&M) costs, existing debt service, planned capital improvements, and contributions to reserves. This section of our report will detail the full costs of each system and how those costs are reasonably expected to increase in the future.

Study Assumptions

While the study is predicated on the most recently available data, several assumptions must be made to forecast future costs and revenues.

Operating Budget Escalation Factors

NewGen's cost projections are based on the Village's FY 2022 adopted Water and Sewer Fund budget. To reasonably project future costs, escalation and inflation factors must be applied to each of the Village's budget line items. The study includes the following operating and maintenance line-item escalation factors in Table 2-1.

Table 2-1
Operating Budget Escalation Factors

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Salaries	5.0%	3.2%	3.2%	3.2%	3.2%
Benefits	3.2%	3.2%	3.2%	3.2%	3.2%
General Inflation	8.0%	4.0%	3.2%	3.2%	3.2%
DuPage Water Commission	4.2%	5.0%	5.0%	5.0%	5.0%
Glenbard Wastewater Authority	5.0%	5.0%	5.0%	5.0%	5.0%

The cost of wholesale water purchases from the DuPage Water Commission are based on actual FY 2023 rates, and estimated increases for FY 2024 – FY 2027. The cost of wastewater treatment paid to the Glenbard Wastewater Authority are estimated to increase by 5.0% per year for the entire forecast period.

On average, NewGen projects that the water utility operating budget will increase by 3.9% per year and sewer by 4.7% per year over the five-year projection period.

Water and Sewer Operating Costs

The Village's FY 2022 budget and forecasted FY 2023 – FY 2027 Water and Sewer Fund O&M expenses are shown in Table 2-2. Also included are forecasted O&M cost impacts of the Village's Capital Improvement Plan. A key driver of the increase in O&M costs is estimated increases in the cost of the Village's purchased water from the DuPage Water Commission (DWC) and the payments for wastewater treatment to the Glenbard Wastewater Authority (GWA).

Table 2-2
Projected Water and Sewer Operating and Maintenance Expenses

	FY 2022 Budget	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY2026 Projected	FY2027 Projected
Water Purchases	$4,166,000	$4,298,608	$4,468,403	$4,644,905	$4,877,150	$5,023,465
Village Water O&M	1,820,615	1,945,302	2,017,244	2,081,796	2,148,414	2,217,163
Sewer Treatment	3,586,729	3,766,065	3,954,369	4,152,087	4,359,692	4,577,676
Village Sewer O&M	1,586,925	1,693,332	1,755,312	1,811,482	1,869,450	1,929,272
Total O&M	**$11,160,269**	**$11,703,307**	**$12,195,328**	**$12,690,270**	**$13,254,705**	**$13,747,575**
% Change		*4.9%*	*4.2%*	*4.1%*	*4.4%*	*3.7%*

Water purchases from DuPage Water comprise about 70% of the Village's water O&M costs (37% of total costs). Similarly, payments for sewer treatment to GWA comprise 70% of the Village's sewer O&M costs and 32% of total O&M costs.

Water and Sewer Capital Costs

There are two components to the capital costs of the water and sewer systems. The first is the existing debt obligations payable by the Water and Sewer Fund. The second is any planned capital expenditures to be paid by the Fund, which can be paid on an annual basis (i.e., PAYGO funded) or with the issuance of new debt (i.e., debt-funded). The following capital costs are included in NewGen's revenue requirement projections for the Water and Sewer Fund.

Existing Debt Service

As of 2022, the Village is obligated to pay one outstanding debt issue – a single Illinois Environmental Protection Agency (IEPA) Loan. The Village maintains a policy of completing water and sewer capital projects on a PAYGO basis.

Table 2-3 shows the projected loan payments over the five-year study planning period.

Table 2-3
Current Debt Service Obligations by Issue

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
IEPA Loan (Sewer)	$108,612	$ -	$ -	$ -	$ -	$ -
Total Debt Service	**$108,612**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
% Change		*-100%*	*- %*	*- %*	*- %*	*- %*

Planned Capital Improvements

A major component of the Village owning sustainable water and sewer utilities is the planning for the rehabilitation and replacement of the Village's assets. The Village provided NewGen with a Capital Improvement Plan (CIP) that is a detailed list of projects including when they are planned to be completed and how much they are projected to cost. NewGen's study includes funding for all CIP projects. Table 2-4 summarizes the projects included in the Village's current CIP, developed by Village staff for the period FY 2022 – FY 2027.

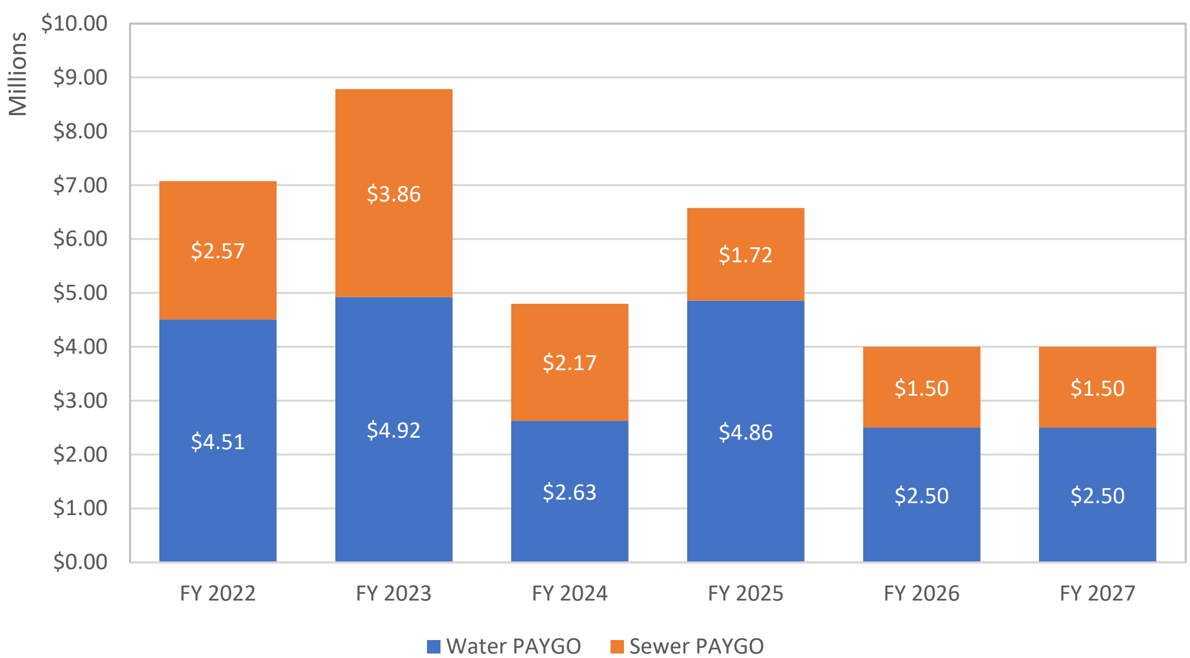
Table 2-4
Planned Capital Improvement Projects

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Water Projects	$4,508,145	$4,923,737	$2,626,791	$4,859,830	$2,500,000	$2,500,000
Sewer Projects	$2,566,058	$3,860,327	$2,173,592	$1,716,101	$1,500,000	$1,500,000
Total Planed CIP	**$7,074,203**	**$8,784,064**	**$4,800,383**	**$6,575,931**	**$4,000,000**	**$4,000,000**

Many of the projects planned in the early years of the CIP are projects that have been planned but not yet completed. The higher than average capital spending in FY 2023 – FY 2025 reflect the completion of those planned projects that have been delayed. Capital spending in years FY 2026 and FY 2027 reflect a more typical level of capital spending for the systems. A detailed list of capital projects is provided in Appendix A of this report.

Figure 2-1 shows the annual variation of the Village's planned CIP spending and the funding source assumed to develop the study's financial projections.

Figure 2-1: Capital Improvement Plan Financing Forecast



All planned capital projects will exclusively be funded through cash (PAYGO). With the Village's existing debt obligations ending in FY 2022, there is no Water and Sewer Fund debt service for the study's recommended rate forecast.

Miscellaneous Revenues

The Village accounts for certain Water and Sewer Fund revenues that are in addition to the various water and sewer rates charged to retail customers.

Two significant sources of revenue for the sewer system are charges levied on DuPage County and Illinois American Water. These agreements are based on sewer flow and are independent of the Village's retail rates. NewGen's assumption is that the revenue generated by these agreements will remain unchanged for the forecast period.

Other non-rate revenues include, connection fees, miscellaneous reimbursements, investment interest, and permit fees. Table 2-5 details these non-rate revenues.

Table 2-5
Projected Non-Rate Revenue

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
DuPage County Sewer	$550,000	$550,000	$550,000	$550,000	$550,000	$550,000
IL American Sewer	420,000	420,000	420,000	420,000	420,000	420,000
Property Tax (SSA #12)	97,000	97,000	97,000	97,000	97,000	97,000
Sewer Permits	70,000	70,000	70,000	70,000	70,000	70,000
Sale of New Meters	45,000	45,000	45,000	45,000	45,000	45,000
Utility Inspections	24,000	24,000	24,000	24,000	24,000	24,000
Water Connection Fees	80,000	80,000	80,000	80,000	80,000	80,000
Investment Income	12,000	12,000	12,000	12,000	12,000	12,000
Other Income	42,600	42,600	42,600	42,600	42,600	42,600
Total Non-Rate Revenues	**$1,340,600**	**$1,340,600**	**$1,340,600**	**$1,340,600**	**$1,340,600**	**$1,340,600**

Net Revenue Requirements

Based on the latest available FY 2022 operating, debt service, and capital expense data as well as the methodologies and assumptions detailed above, NewGen developed a net revenue requirement forecast for the Village's water and sewer systems, shown in Table 2-6.

Table 2-6
Water and Sewer Fund Net Revenue Requirement Projection

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Operating Expenses	$11,160,269	$11,703,307	$12,195,328	$12,690,270	$13,254,705	$13,747,575
Existing Debt Service	$108,612	$ -	$ -	$ -	$ -	$ -
New Debt Service	$ -	$ -	$ -	$ -	$ -	$ -
PAYGO Capital	$7,074,203	$8,784,064	$4,800,383	$6,575,931	$4,000,000	$4,000,000
Total Rev. Req.	**$18,343,084**	**$20,487,371**	**$16,995,711**	**$19,266,201**	**$17,254,705**	**$17,747,575**
Less: Non-Rate Rev.	($1,340,600)	($1,340,600)	($1,340,600)	($1,340,600)	($1,340,600)	($1,340,600)
Net Rev Req.	**$17,002,484**	**$19,146,771**	**$15,655,111**	**$17,925,601**	**$15,914,105**	**$16,406,975**

The net revenue requirement is the basis upon which all rates and fees are calculated for the Village's systems. Although the net revenue requirement varies from year to year, the financial plan developed during the study takes a long-term perspective to maintain stable rates and sufficient reserves.

Before a financial plan can be developed for the Village's systems, an accounting of each system's customer base must be completed. The Village's Water and Sewer Fund customer base includes the Village's metered water customer accounts and metered water sales, which are also the basis for charges related to sewer. The next section of this report details the Village's water and sewer customers and their use of the Village's utility systems.

Section 3
WATER AND SEWER CUSTOMERS AND USAGE

This section will detail the composition of the Village's water and sewer system customer base. The Village's primary revenue source for the Water and Sewer Fund is the rates and fees charged to customers of the water and sewer systems. The latest full year of customer and consumption data available for the study was FY 2021.

Water Customers and Consumption

The Village serves about 8,300 water connections, a vast majority of which are customers within the Village's corporate limits. The number of outside Village water connections is shown in Table 3-1 below.

Table 3-1
FY 2021 Water Customer Accounts

	Accounts
Inside Village	8,340
Outside Village	19
Glen Oak	1
Total Accounts	**8,360**

FY 2021 Water Consumption

Table 3-2 shows the billable water usage breakdown of the Village's FY 2021 water customers.

Table 3-2
FY 2021 Water Consumption by Customer Class (kgal)

Customer Type	Consumption (kgal)
Inside Village	743,789
Outside Village	5,336
Glen Oak	3,000
Total Consumption	**752,125**

Projected Water System Demand

The Village's projected consumption is outlined in Table 3-3 below, which includes a slight decrease from FY 2023 – FY 2025 based on an anticipated decline in usage of 1.0% per year for the first three fiscal years of the forecast. Beginning in FY 2025, the Village's water consumption is assumed to level off for the remainder of the forecast.

Table 3-3
Projected Water Consumption in kgal

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Inside Village	743,789	736,351	728,987	721,697	721,697	721,697
Outside Village	5,336	5,283	5,230	5,178	5,178	5,178
Glen Oak	3,000	2,970	2,941	2,911	2,911	2,911
Total Water Sold (kgal)	**752,125**	**744,604**	**737,158**	**729,786**	**729,786**	**729,786**

The Village's sewer rates are based on separately calculated sewer consumption, and therefore sewer consumption forecasts are different from Table 3-3 above. Table 3-4 below depicts the Sewer Consumption in kgal.

Table 3-4
Projected Sewer Usage in kgal

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Inside Village	727,946	720,667	713,460	706,326	706,326	706,326
Outside Village	5,340	5,287	5,234	5,181	5,181	5,181
Total Sewer Sold (kgal)	**733,286**	**725,953**	**718,694**	**711,507**	**711,507**	**711,507**

The Village's sewer usage includes a slight decrease from FY 2023 – FY 2025 based on an anticipated decline in usage of 1.0% per year for the first three fiscal years of the forecast. Beginning in FY 2025, the Village's water consumption is assumed to level off for the remainder of the forecast.

Section 4
FINANCIAL PLAN AND CASH FLOW PROJECTIONS

NewGen developed cash flow and cash balance projections assuming the revenue requirements detailed in Section 2 of this report and that the Village does not increase any Water and Sewer Fund rates in any year of the five-year projection.

Minimum Cash Reserve and Debt Coverage Requirements

NewGen's study requires a baseline to which projected cash flow and reserve balances can be measured. NewGen relied on two financial policies of the Village to ensure that the rates projected because of our study ensure the financial health of the Village's Water and Sewer Fund. Our study requires that in each year, the Village must maintain a minimum of 90 days of operating cash on hand and a minimum of 30 days of PAYGO CIP.

Minimum Fund Balance Recommendation

Several years ago, the Village determined that an appropriate minimum fund balance reserve policy for the Water and Sewer Fund was $2.0 million. NewGen escalated this amount to FY 2022 dollars, resulting in a current minimum Water and Sewer Fund balance policy of about $2.5 million.

The American Water Works Association's (AWWA) Rates and Charges Committee states that "The level of reserves maintained by a utility is an important component of short and long-term financial management, and is a key consideration in the rate-setting process."[1] Other industry groups have published specific recommendations for minimum utility fund reserve levels, including the Water Environment Federation (one – three months O&M costs), the International City/County Management Association (one – two months of total expenses), and The Government Finance Officers Association (Noe less than 45 days of total expenses).

NewGen recommends that the Village establish a minimum fund balance policy based on the annual operating and capital expanse of thew water and sewer systems. NewGen's recommended policy has two components:

- **Operating Reserve**: Minimum of 90 days of annual operating expenses
- **Capital Reserve**: Minimum if 30 days of average 10-year PAYGO CIP

The minimum fund balance required each year of NewGen's five-year projection is shown in Table 4-1.

[1] AWWA Rates and Charges Committee Whitepaper, *Cash Reserve Policy Guidelines*, 2018

Table 4-1
Recommended Minimum Fund Balance Policy

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Annual O&M Costs	$11,160,269	$11,703,307	$12,195,328	$12,690,270	$13,254,705	$13,747,575
Days Required	90	90	90	90	90	90
O&M Reserve	**$2,751,847**	**$2,885,747**	**$3,007,067**	**$3,129,108**	**$3,268,283**	**$3,389,813**
Average PAYGO CIP	$4,816,038	$4,816,038	$4,816,038	$4,816,038	$4,816,038	$4,816,038
Days Required	30	30	30	30	30	30
Capital Reserve	**$395,839**	**$395,839**	**$395,839**	**$395,839**	**$395,839**	**$395,839**
Total Minimum Reserve	**$3,147,686**	**$3,281,586**	**$3,402,906**	**$3,524,946**	**$3,664,122**	**$3,785,652**
Current Reserve Policy	$2,544,775	$2,621,119	$2,699,752	$2,780,745	$2,864,167	$2,950,092

NewGen's recommended fund balance policy is slightly higher than the Village's current policy. NewGen's study includes revenue increases necessary to sustain a long-term forecast of Water and Sewer Fund balances above the minimum recommendation.

Cash Flow Projections at FY 2022 Rates

The Village's current water and sewer rate structure includes a usage rate per one thousand gallons (kgal) of metered consumption for both water and sewer service, as well as a fixed monthly sewer infrastructure fee. If in any month a customer uses less than 2,000 gallons, then that customer is billed for 2,000 gallons. The Village's FY 2022 rate structure is shown in Table 4-2.

Table 4-2
FY 2022 Water and Sewer Rates

	Water Rate per kgal	Sewer Rate per kgal	Monthly Infrastructure Fee
Inside Village	$9.93	$7.18	$ -
Outside Village	$14.87	$7.55	$3.00

Water and Sewer Fund Cash Balance Projection at Current Rates

If the Village does not increase water or sewer rates from their current FY 2022 levels, the following two figures show NewGen's projected cash flow and Water and Sewer Fund balance projections for the period FY 2022 through FY 2027.

Figure 4-1: Water and Sewer Fund Expenses vs. Revenues Forecast

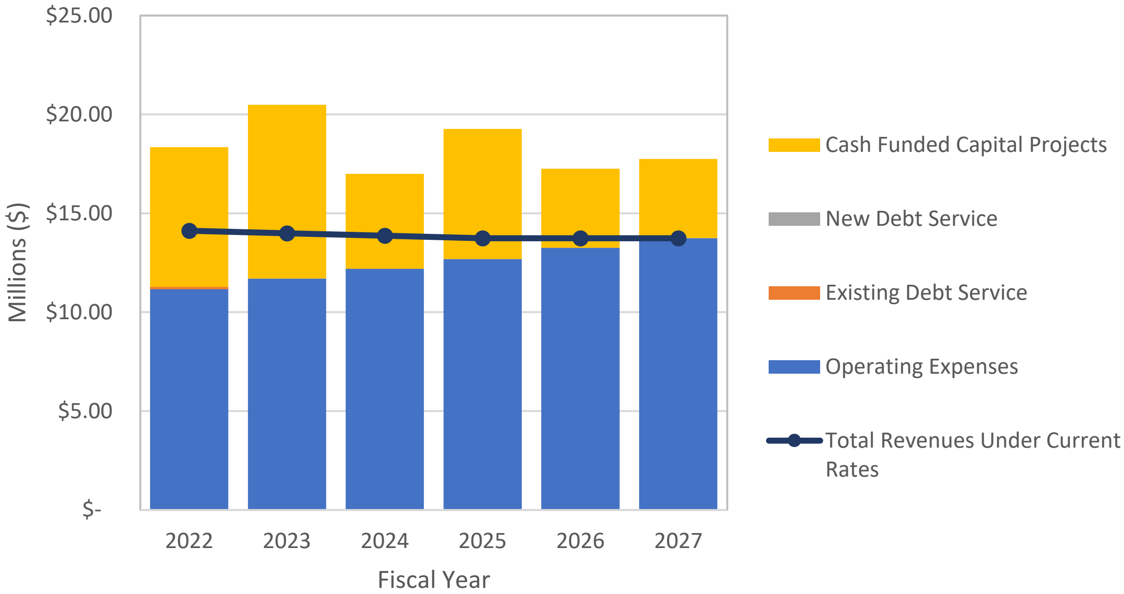
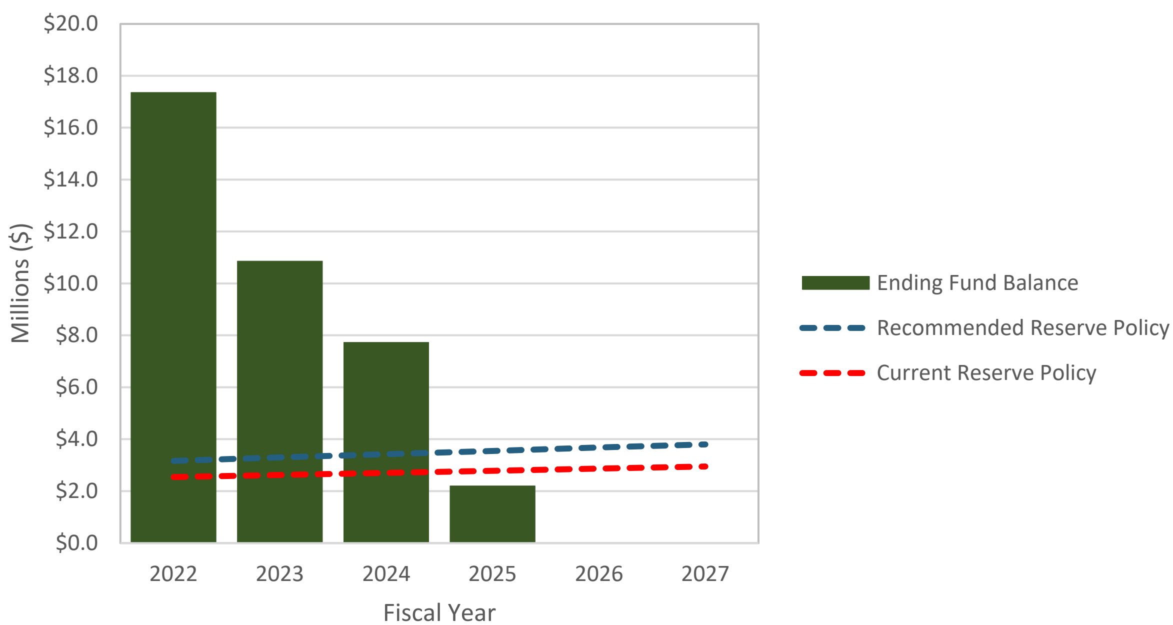


Figure 4-2: Projected Water and Sewer Fund Balance at FY 2022 Rates



The Village's current FY 2022 water and sewer rates are not sufficient to maintain the financial health of the water and sewer systems. The next sections of this report will detail the revenue increases and rates necessary to produce sufficient cash flow to maintain the recommended minimum required fund balance for the Village's Water and Sewer Fund.

Recommended Rate Increases

To increase revenues that will sustain the water and sewer systems, NewGen recommends the following rate increases for the Village's water and sewer rates.

Table 4-3
Recommended Water and Sewer Rate Increases

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Water Rates	5.0%	5.0%	5.0%	5.0%	5.0%
Sewer Rates	5.0%	5.0%	5.0%	5.0%	5.0%

Water and Sewer Fund Cash Balance Projection at Recommended Rates

If the Village increases its water and sewer revenues consistent with the tables above, the result is that the Village can fund each system's projected operating, capital, and debt service expenses while also maintaining the recommended reserves, as shown in the following figures

Figure 4-3: Water and Sewer Fund Expenses vs. Revenues – Recommended Rates

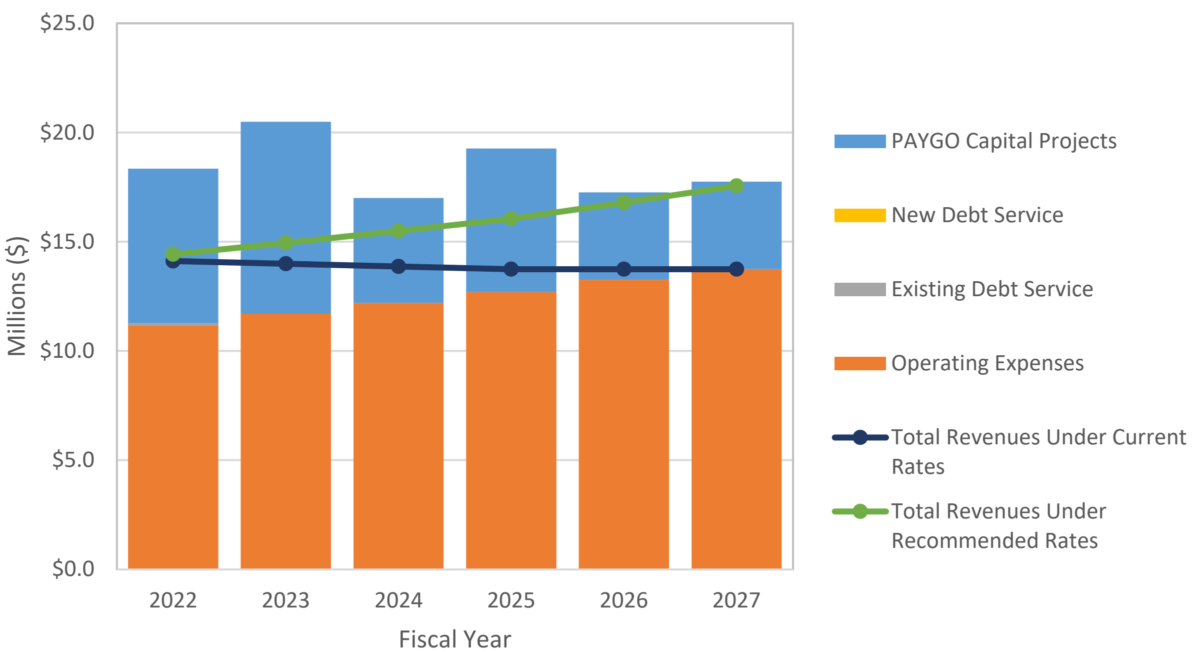
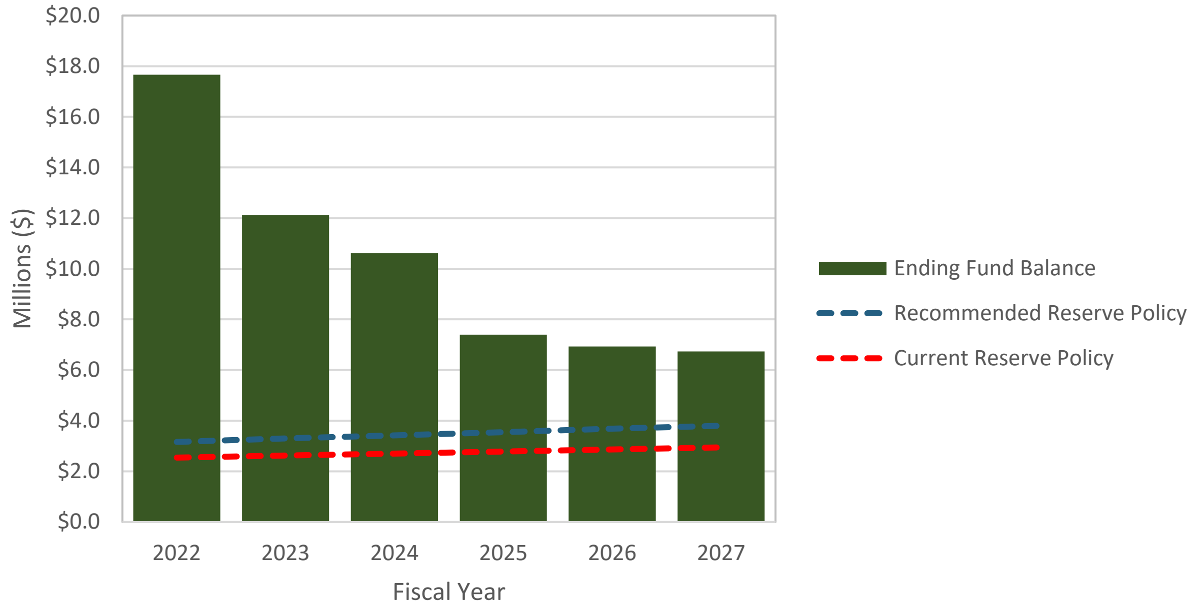


Figure 4-4: Water and Sewer Fund Balance – Recommended Rates



Section 5
RECOMMENDED RATES AND RATE STRUCTURE ALTERNATIVE

This section of our report details our recommended water and sewer rate increases and the specific rate changes and bill impacts that will result from those recommendations.

Recommended Revenue Increases

This section includes the total increases in revenue shown in Table 5-1, as described in Section 4. These revenue increases are necessary to maintain the financial and operational health of the Village's water sewer infrastructure.

Table 5-1
Recommended Water and Sewer Revenue Increases

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Water Rates	5.0%	5.0%	5.0%	5.0%	5.0%
Sewer Rates	5.0%	5.0%	5.0%	5.0%	5.0%

Projected Rates under Current Rate Structure

The following water rates shown in Table 5-2 are based on the revenue increases in Table 5-1 and are forecasted to fully support the future operating, capital, debt service, and reserve requirements of the system.

The water rates in Table 5-2 assume that the Village does not change its water rate structure and continues to bill for a minimum of 2,000 gallons of consumption for each customer each month.

Table 5-2
Recommended Water Rates per kgal

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Inside Village	$9.93	$10.43	$10.95	$11.50	$12.07	$12.67
Outside Village	$14.87	$15.61	$16.39	$17.21	$18.07	$18.98

If the Village adopts the recommended rate increases in Table 5-1 each year from FY 2022 – FY 2026, then the Village's Sewer Service Charge would be as shown in Table 5-3.

Table 5-3
Recommended Monthly Sewer Service Charge

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Inside Village	$3.00	$3.15	$3.31	$3.47	$3.65	$3.83
Outside Village	$3.00	$3.15	$3.31	$3.47	$3.65	$3.83
Non-Metered	$45.30	47.57	49.94	52.44	55.06	57.82

Again, the sewer rates in Table 5-3 assume that the Village does not change its rate structure and continues to bill for a minimum of 2,000 gallons of consumption for each customer each month.

Projected Rates under Alternative Rate Structure

A key task of NewGen's study was to calculate a rate structure alternative in which there is a fixed component that is not based on a minimum usage, does not include any usage, and is charged to all customers monthly regardless of usage. The Village's current minimum charge is not an effective method of stabilizing revenue. AWWA Manual M1 states:

> *"It is often assumed that a minimum charge adds to the utility's revenue stability. However, if the consumption allotment for a minimum charge is set at a low level, a utility may actually receive little benefit in terms of revenue stability. The amount of revenue generated from the consumption component of the minimum charge is revenue that, for the most part, would normally be generated from water sales using the consumption charge."* – AWWA Manual M1, 7th Edition. p. 153

AWWA Manual M1 also states:

> *"In light of the decreased predictability and increased volatility of the variable or consumption portion of water-rate revenues, many utilities are looking to increase the portion of fixed-charge revenues."* – AWWA Manual M1, 7th Edition, p. 150

While M1 offers no specific percentage of revenues that should be collected via fixed charges, there are several categories of the Village's expenses that can be defined as "fixed", that is, they do not vary with customer demand. Expenses such as salaries and benefits, customer meter reading and billing, and investments in system capacity (whether that capacity is used or not). In fact, all the Village's water expenses except the wholesale water purchased from DuPage Water Commission can be considered fixed. This means about 62% of the Village's total water expenses each year are fixed.

Large increases in fixed fees have a disproportionate impact on the customers with the smallest demand. The fixed costs drive up the average cost per unit for small customers because there is little demand over which to spread those costs. Because of this, a balance must be struck between revenue stability and customer affordability. Generally, utilities target 25% - 30% of revenue from fixed fees to balance these impacts.

An immediate adjustment to a fixed fee generating 30% of water rate revenues would place a burden on the smaller customers. Therefore, NewGen recommends phasing-in the proportion of revenue generated by fixed fees in the manner shown in Table 5-4.

Table 5-4
Fixed Fee Percentage Phase-In

	FY 2022[2]	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Fixed Revenue Percentage	1.9%	10%	15%	20%	25%	30%

The basis on which to apply a fixed fee can vary. NewGen recommends generating the proportion of fixed rate revenue from a monthly fee per meter, with larger meters paying higher fees based on flow capacity. The AWWA publishes the maximum flow capacity in gallons per minute (gpm) of each meter size, shown in Table 5-5.

Table 5-5
AWWA Meter Flow Capacity Ratios

Meter Size	Flow Capacity (gpm)	Flow Capacity Ratio
5/8"	20	1.0
3/4"	30	1.5
1"	50	2.5
1 1/2"	100	5.0
2"	160	8.0
3"	300	15.0
4"	500	25.0
6"	1000	50.0

For example, the fee charged to a 1 ½" meter will be five times the fee calculated for a 5/8" meter, because a 1 ½" meter has five times the flow capacity of a 5/8" meter. The fees, in total, are calculated to generate the percentage of rate revenue shown in Table 5-5 each year.

Table 5-6 shows the recommended fixed monthly service charges for FY 2023 through FY 2027 consistent with the overall revenue forecast, percentage of fixed revenues, and AWWA meter flow factors.

Table 5-6
Recommended Inside Village Monthly Water Service Charges

Meter Size	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
5/8"	N/A	$4.29	$6.69	$9.27	$12.17	$15.33
3/4"		$6.43	$10.03	$13.91	$18.25	$23.00
1"		$10.72	$16.72	$23.18	$30.42	$38.33
1 1/2"		$21.45	$33.44	$46.35	$60.84	$76.66
2"		$34.32	$53.51	$74.16	$97.34	$122.65
3"		$64.35	$100.33	$139.06	$182.51	$229.97
4"		$107.24	$167.22	$231.76	$304.19	$383.28
6"		$214.49	$334.44	$463.53	$608.38	$766.56

[2] The Village's minimum of 2,000 gallons is estimated to produce 1.9% of total rate revenues in FY 2022.

NewGen recommends that the Village apply to the fixed service charge the same 1.5 times outside Village differential that is currently applied to the existing volumetric rate.

Given the revenue generated by the fixed fees shown in Table 5-6, there is a balancing effect on the volumetric rates necessary to generate the remaining revenue to meet the financial plan's forecast. Table 5-7 shows the recommended volumetric rates consistent with the fixed fees forecasted above. The rates are assumed to apply to all customer demand.

Table 5-7
Recommended Volumetric Water Rates

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Inside Village	$9.93	$9.38	$9.31	$9.20	$9.05	$8.87
Outside Village	$14.87	$14.08	$13.96	$13.79	$13.58	$13.31

Sewer revenues were targeted with the same percentages of total revenue as water each year. Listed below in Tables 5-8 and 5-9 are the sewer service charges and rates for the fixed fee rate structure.

Table 5-8
Recommended Inside Village Monthly Sewer Service Charges

Meter Size	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
5/8"	N/A	$3.20	$5.00	$6.93	$9.09	$11.46
3/4"		$4.80	$7.49	$10.39	$13.64	$17.19
1"		$8.01	$12.49	$17.32	$22.73	$28.64
1 1/2"		$16.01	$24.98	$34.64	$45.47	$57.29
2"		$25.62	$39.97	$55.42	$72.74	$91.66
3"		$48.03	$74.94	$103.92	$136.40	$171.86
4"		$80.05	$124.89	$173.20	$227.33	$286.43
6"		$160.11	$249.79	$346.40	$454.65	$572.86
Non-Metered	$45.30	$47.57	$49.94	$52.44	$55.06	$57.82

Again, NewGen recommends applying the same 1.5 times differential to outside Village sewer customers.

Table 5-9
Recommended Sewer Rates per kgal

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Inside Village	$7.18	$6.74	$6.66	$6.55	$6.41	$6.25
Outside Village	$7.55	$7.09	$7.00	$6.89	$6.74	$6.57

The fixed and variable rates shown above generate the same revenue as the Village's existing rate structure, assuming that the Village adopt the rate increases described in Section 4.

Any time a utility changes its rate structure, there are different impacts on different types of customers. The next section in this report shows the impact on customer bills of the increases in existing rates and the implementation of the alternative rate structure.

Section 6
CUSTOMER BILL IMPACTS AND BENCHMARKING

A major consideration when developing any utility financial plan is the impact on the system's customer bills. The recommendations detailed in this report will result in revenue increases, and therefore cost increases, to many of the system's customers. This section summarizes the impact on the system's customers as well as provide a comparison the total customer bill set against surrounding utilities.

Projected Customer Bills under Current Rate Structure

The following table shows the impact of NewGen's recommended revenue increases and rate structure changes on various inside Village residential customers if the Village were to adopt the rate changes recommended in Section 4.

Table 6-1
Combined Water and Sewer Monthly Residential Customer Bill – Current Structure

Sample Customer	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Minimum Use	**$34.22**	**$35.93**	**$37.73**	**$39.61**	**$41.59**	**$43.67**
2 kgal/mo.	*$ Change*	*$1.71*	*$1.80*	*$1.89*	*$1.98*	*$2.08*
5/8" Meter	*% Change*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*
Average Use	**$68.44**	**$71.86**	**$75.46**	**$79.23**	**$83.19**	**$87.35**
4 kgal/mo.	*$ Change*	*$3.42*	*$3.59*	*$3.77*	*$3.96*	*$4.16*
5/8" Meter	*% Change*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*
High Use	**$342.20**	**$359.31**	**$377.28**	**$396.14**	**$415.95**	**$436.74**
20 kgal/mo.	*$ Change*	*$17.11*	*$17.97*	*$18.86*	*$19.81*	*$20.80*
5/8" Meter	*% Change*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*

The percent impact is consistent for all customer usage levels because the rate increases apply to the current rate structure.

Projected Customer Bills under Alternative Rate Structure

The following table shows the impact of NewGen's recommended revenue increases and rate structure changes on various inside Village residential customers if the Village were to adopt the rate changes recommended in Section 4 and the recommended alternative rate structure.

Table 6-2
Combined Water and Sewer Monthly Residential Customer Bill – Alternative Structure

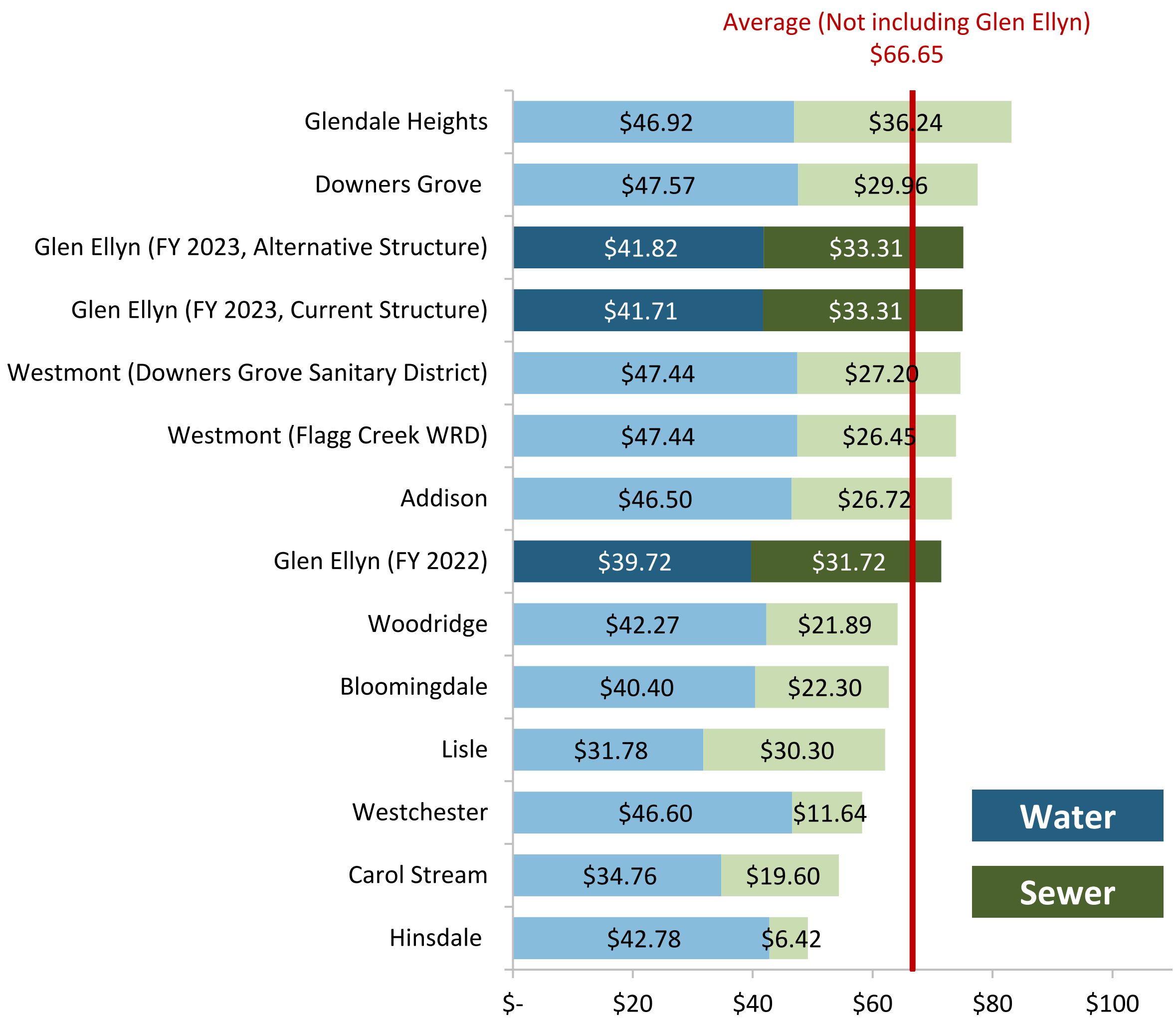
Sample Customer		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Minimum Use		**$34.22**	**$39.74**	**$43.61**	**$47.69**	**$52.19**	**$57.03**
2 kgal/mo.		*$ Change*	*$5.52*	*$3.87*	*$4.08*	*$4.50*	*$4.84*
5/8" Meter		*% Change*	*16.1%*	*9.7%*	*9.4%*	*9.4%*	*9.3%*
Average Use		**$68.44**	**$71.99**	**$75.54**	**$79.18**	**$83.13**	**$87.27**
4 kgal/mo.		*$ Change*	*$3.55*	*$3.55*	*$3.64*	*$3.95*	*$4.14*
5/8" Meter		*% Change*	*5.2%*	*4.9%*	*4.8%*	*5.0%*	*5.0%*
High Use		**$342.20**	**$329.98**	**$330.95**	**$331.10**	**$330.59**	**$329.19**
20 kgal/mo.		*$ Change*	*($12.22)*	*$0.97*	*$0.15*	*($0.52)*	*($1.40)*
5/8" Meter		*% Change*	*(-3.6%)*	*0.3%*	*0.0%*	*(-0.2%)*	*(-0.4%)*

Because of the implementation of the fixed service charge, larger users would see a decrease in their total water and sewer bill. This is because a majority of the bill for a large usage customer is the volumetric rate, and in this alternative, the volumetric rates are decreasing as fixed service charges increase. The impact on the current "minimum" customer of 2,000 gallons per month is disproportionately large due to the high impact of the increased fixed service charges.

Regional Bill Comparison

The following figure shows a comparison of the monthly bill for an average Inside Village customer (5/8" meter, 4 kgal monthly usage) in surrounding service areas.

Figure 6-1: Regional Bill Comparison



While regional comparisons may provide some context, the ranking of individual customer bills is not a consideration when developing a financial plan and rate structure. The Village's cash needs are independent of the rates in the surrounding jurisdictions, and this comparison is provided for information only.

Section 7
LONG-TERM PROJECTIONS

This report details the short-term, five-year impacts of the various revenue and rate options developed as a part of NewGen's study. It is recommended that the Village re-evaluate rate increases based on the previous year's actual data every year and re-evaluate rate structures every three to five years as a part of a full rate study. The charts below assume that the Village implements the revenue increases shown in Table 7-1 below.

Table 7-1
Projected Long-Term Revenue Increase Needs

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Water Rates										
Service Charge	5.0%	5.0%	5.0%	5.0%	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Volumetric Charge	5.0%	5.0%	5.0%	5.0%	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Sewer Rates										
Service Charge	5.0%	5.0%	5.0%	5.0%	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Volumetric Charge	5.0%	5.0%	5.0%	5.0%	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%

The following figures show the long-term revenue vs. expenses and fund balance charts based on the long-term projections at the time of NewGen's study.

Figure 7-1: Long-Term Water and Sewer Revenues vs. Expenses Projection

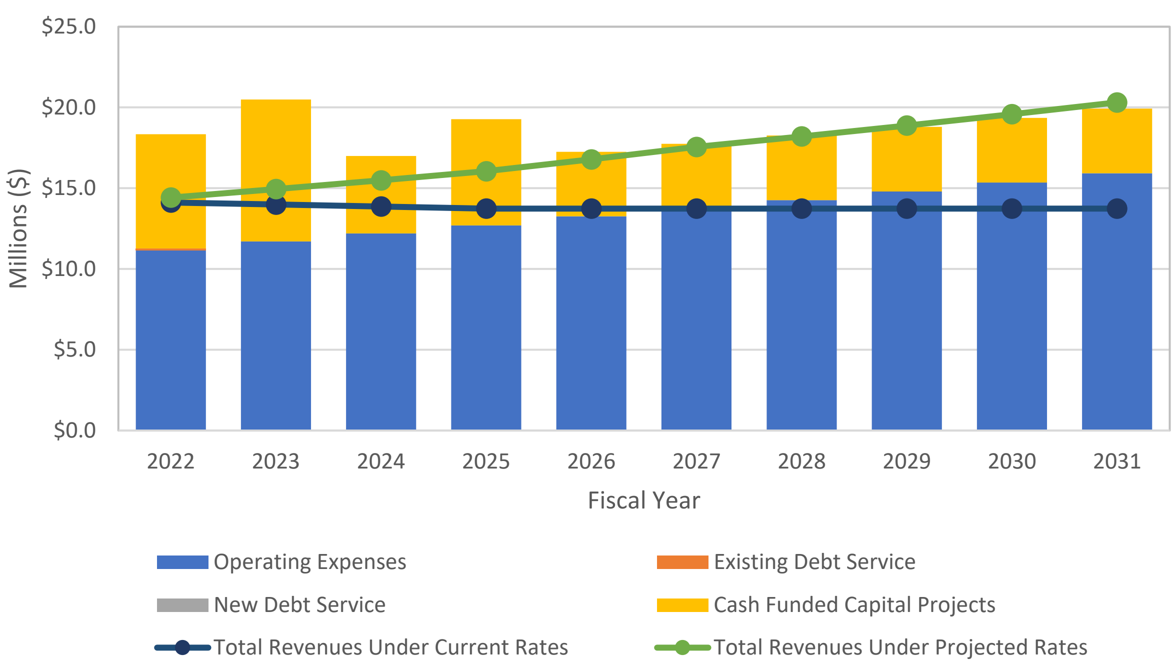
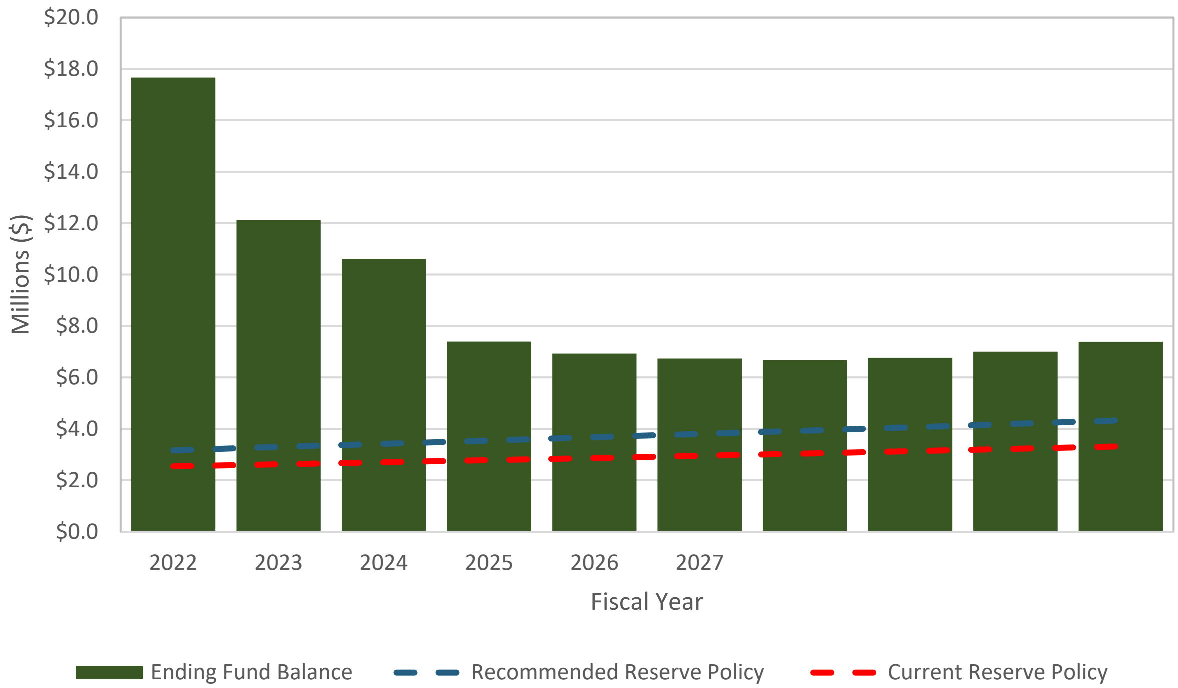


Figure 7-2: Long-Term Water and Sewer Fund Balance Projection



The above projections are preliminary in nature and there will be unanticipated conditions that impact the projected expenses, customer demands, and revenues of the water and Sewer system over the next ten years.

NewGen Strategies & Solutions

APPENDIX A: FIVE-YEAR WATER AND SEWER IMPROVEMENT PLAN

AUGUST 2022

WATER AND SEWER RATE STUDY

Appendix A
Five-Year Water and Sewer Capital Improvement Plan

Project	System	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Roosevelt Road Water Main	Water		$250,000	$1,000,000	$1,000,000	$1,000,000
Route 53 Water Main Lining	Water		$1,000,000			
Hill Avenue Water Main	Water	$710,000				
Park Boulevard Water Main Replacement	Water	$1,561,785				
Glen Ellyn-Illinois American Water Interconnection	Water	$385,000				
Royal Glen Infrastructure Improvements	Water				$1,800,000	
CBD Underground/Streetscape Improvements	Water	$510,047	$1,658,000	$286,000	$652,000	
North Park/Main Street Improvements	Water	$12,029				
Bemis Road Improvements	Water		$361,801			
Sheehan Avenue Improvements	Water		$489,495			
2020 Roadway Imp. Project 20001	Water	$936,057				
2022 Roadway Imp. Project 22002	Water	$243,227				
Future Street Projects	Water	$150,000	$1,164,441	$1,340,791	$1,407,830	$1,500,000
I/I Reduction (Lining + Point Repairs)	Sewer	$200,000	$200,000	$500,000	$200,000	$500,000
Hill Avenue Sanitary Sewer	Sewer	$500,000				
Memory Court	Sewer		$75,000	$625,000		
Royal Glen Infrastructure Improvements	Sewer				$85,000	
CBD Underground/Streetscape Improvements	Sewer	$610,827	$1,136,000	$301,000	$612,000	
North Park/Main Street Improvements	Sewer	$66,901				
Bemis Road Improvements	Sewer		$892,313			
Sheehan Avenue Improvements	Sewer		$321,355			
2020 Street Program 20001	Sewer	$536,574				
2022 Street Program 22022	Sewer	$501,756				
Future Street Projects	Sewer	$150,000	$1,235,659	$747,592	$819,101	$1,000,000
Total CIP		**$7,074,203**	**$8,784,064**	**$4,800,383**	**$6,575,931**	**$4,000,000**
Water Projects		$4,508,145	$4,923,737	$2,626,791	$4,859,830	$2,500,000
Sewer Projects		$2,566,058	$3,860,327	$2,173,592	$1,716,101	$1,500,000

NewGen Strategies & Solutions

THANK YOU!

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Glen Ellyn Finance Commission
535 Duane Street
Glen Ellyn, IL 60137

Meeting 9/9/2022 7:00 AM
Department: Finance
Department Head: Larry Noller
Category: Report
Prepared By: Patrick Brankin

AGENDA ITEM (ID # 2022-2596)

DOC ID: 2022-2596

General Fund Financial Report - July 2022

Statement of the Issue:
Please see the attached report.

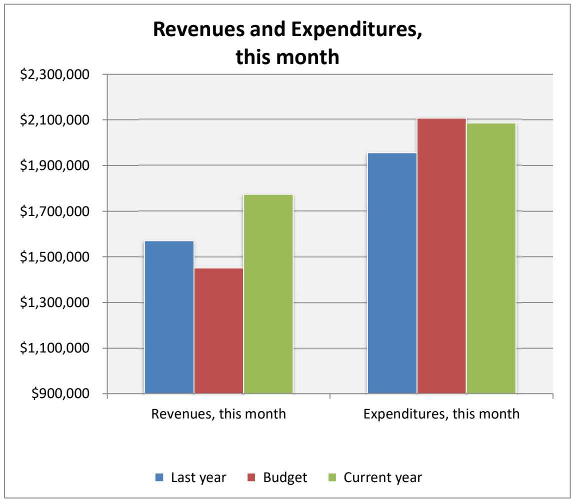
Analysis:
N/A

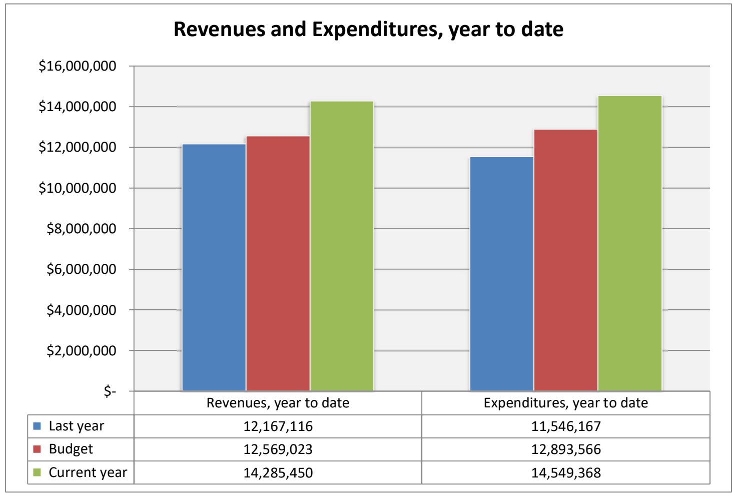
Budget Impact:
N/A

Action Requested:
None - discussion only.

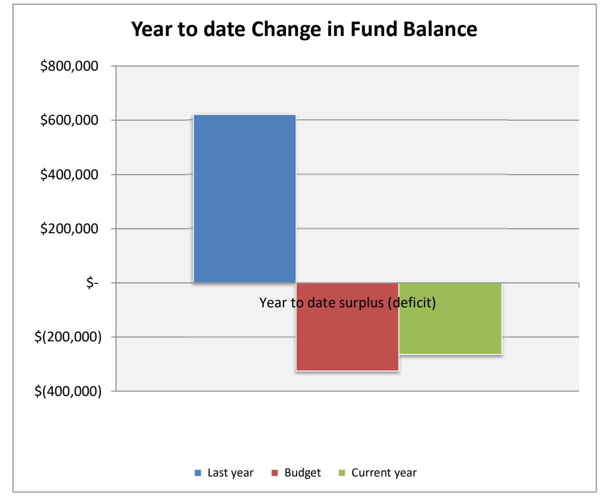
Attachments:
1. General Fund Update

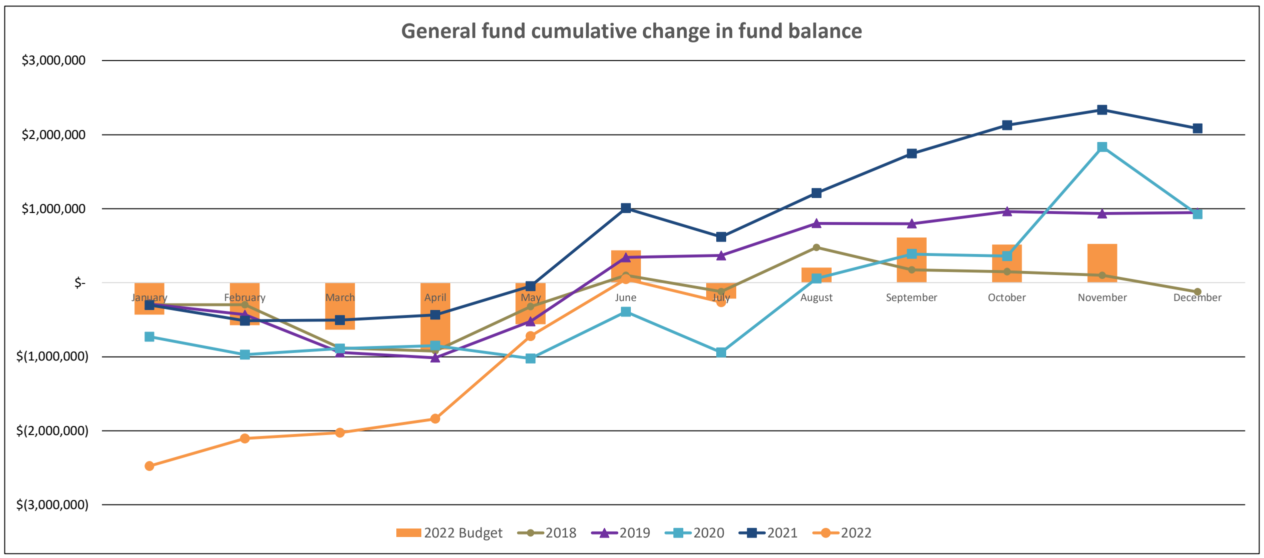
General Fund Budget Summary
For the Period Ended July 31, 2022





	Revenues, year to date	Expenditures, year to date
Last year	12,167,116	11,546,167
Budget	12,569,023	12,893,566
Current year	14,285,450	14,549,368

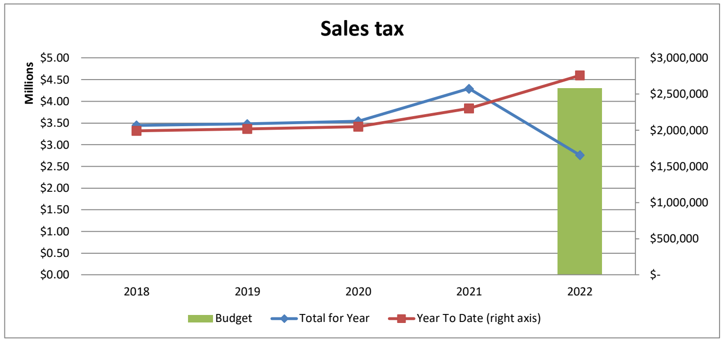


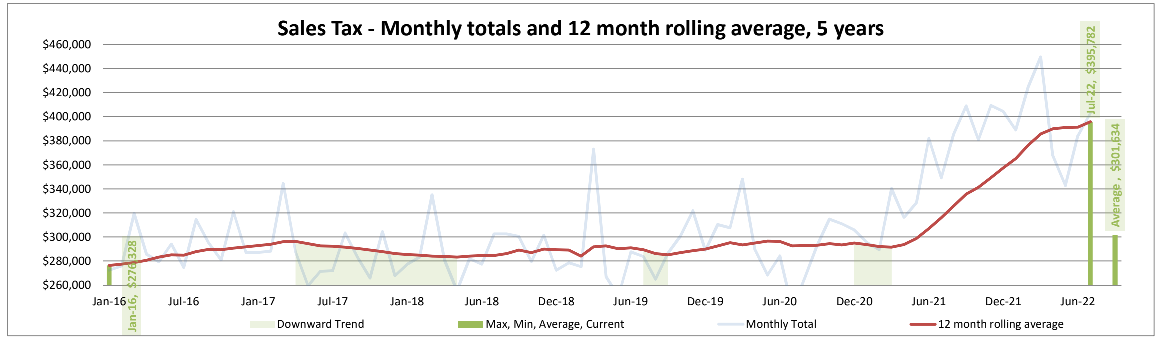


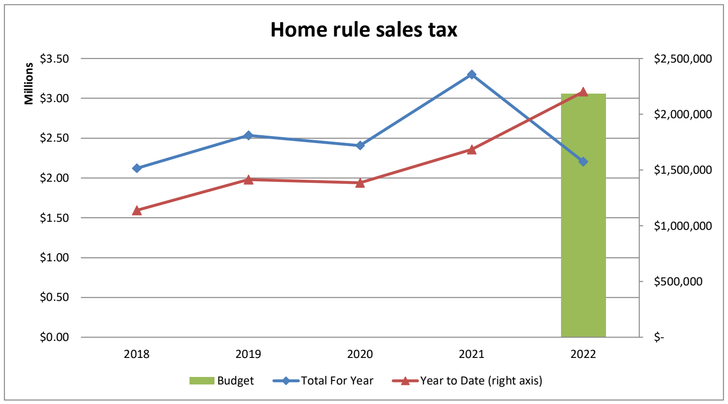
General Fund Budget Summary
For the Period Ended July 31, 2022

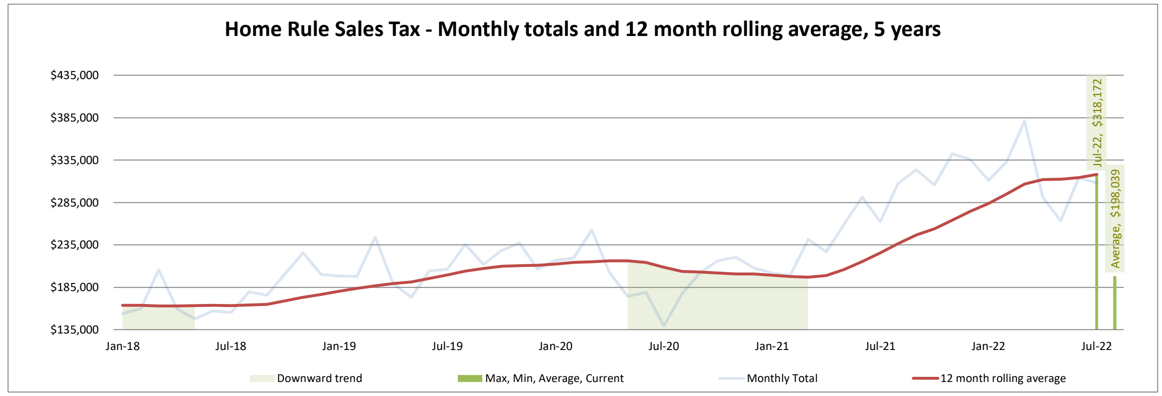
	MONTH							YTD						
	Last Year	Current Budget	Current Year	Variance from LY $	%	Variance from Budget $	%	Last Year	Current Budget	Current Year	Variance from LY $	%	Variance YTD Budget $	%
REVENUES														
TAXES														
Property Tax	140,776	40,657	23,896	(116,880)	-83%	(16,761)	-41%	1,942,959	2,018,497	2,017,324	74,365	4%	(1,173)	0%
Econ Dev SSA Tax	4,430	1,128	574	(3,856)	-87%	(554)	-49%	83,221	80,796	74,251	(8,970)	-11%	(6,545)	-9%
Sales Tax	349,164	343,204	402,692	53,528	15%	59,488	17%	2,301,672	2,484,760	2,760,222	458,550	20%	275,462	10%
Home Rule Sales Tax	262,626	233,378	308,203	45,577	17%	74,825	32%	1,683,385	1,720,632	2,202,907	519,522	31%	482,275	22%
State Income Tax	367,765	323,389	454,073	86,308	23%	130,684	40%	2,407,184	2,273,228	3,188,015	780,831	32%	914,787	29%
Other Taxes	146,728	150,926	175,030	28,302	19%	24,104	16%	1,062,542	1,128,961	1,263,830	201,288	19%	134,869	11%
Subtotal Taxes	**1,271,489**	**1,092,682**	**1,364,468**	**92,979**	**7%**	**271,786**	**20%**	**9,480,963**	**9,706,873**	**11,506,549**	**2,025,586**	**21%**	**1,799,676**	**16%**
LICENSES & PERMITS														
Vehicle Licenses	9,900	7,810	6,825	(3,075)	-31%	(985)	-13%	299,820	292,448	291,278	(8,542)	-3%	(1,170)	0%
Business Registration	-	521	200	200	100%	(321)	-62%	-	10,766	1,150	1,150	100%	(9,616)	-836%
Liquor Licenses	21,365	9,348	7,420	(13,945)	-65%	(1,928)	-21%	109,903	131,675	121,607	11,704	11%	(10,068)	-8%
Building Permits/Reg./Fees	69,553	117,337	45,062	(24,491)	-35%	(72,275)	-62%	557,861	729,569	528,864	(28,997)	-5%	(200,705)	-38%
Subtotal Licenses & Permits	**100,818**	**135,016**	**59,507**	**(41,311)**	**-41%**	**(75,509)**	**-127%**	**967,584**	**1,164,458**	**942,899**	**(24,685)**	**-3%**	**(221,559)**	**-23%**
CHARGES & FEES														
Cable Franchise Fees	22,625	-	-	(22,625)	-100%	-	0%	291,083	268,300	264,317	(26,766)	-9%	(3,983)	-2%
Ambulance Service Fees	-	-	-	-	0%	-	0%	-	-	-	-	0%	-	0%
Police Service Reimbursements	1,005	15,921	147,087	146,082	14536%	131,166	824%	42,194	39,435	163,421	121,227	287%	123,986	76%
Reimbursements - Other Agencies	11,543	10,927	11,703	160	1%	776	7%	80,801	85,803	128,434	47,633	59%	42,631	33%
Subtotal Charges & Fees	**35,173**	**26,848**	**158,790**	**123,617**	**351%**	**131,942**	**83%**	**414,078**	**393,539**	**556,172**	**142,094**	**34%**	**162,633**	**29%**
OTHER														
Police/Court Fines/Adjudication	38,336	38,494	56,888	18,552	48%	18,394	48%	270,461	284,455	298,557	28,096	10%	14,102	5%
Investment Income	354	1,398	20,509	20,155	5694%	19,111	1367%	3,483	8,236	48,950	45,467	1305%	40,714	83%
Miscellaneous Income	16,675	22,862	10,459	(6,216)	-37%	(12,403)	-54%	146,212	169,096	210,511	64,299	44%	41,415	20%
Transfers from Other Funds	107,842	134,483	103,116	(4,726)	-4%	(31,367)	-23%	884,335	842,367	721,812	(162,523)	-18%	(120,555)	-17%
Subtotal Other	**163,207**	**197,238**	**190,972**	**27,765**	**17%**	**(6,266)**	**-3%**	**1,304,491**	**1,304,154**	**1,279,830**	**(24,661)**	**-2%**	**(24,324)**	**-2%**
Revenue Totals	**1,570,687**	**1,451,784**	**1,773,737**	**203,050**	**13%**	**321,953**	**22%**	**12,167,116**	**12,569,023**	**14,285,450**	**2,118,334**	**17%**	**1,716,427**	**12%**
EXPENDITURES														
Village Board & Clerk	5,548	8,564	6,602	1,054	19%	(1,962)	-23%	81,493	65,102	68,811	(12,682)	-16%	3,709	6%
Village Manager's Office	111,394	104,539	156,232	44,838	40%	51,693	49%	634,098	560,702	699,361	65,263	10%	138,659	25%
Facilities Maintenance	76,907	97,066	95,030	18,123	24%	(2,036)	-2%	448,897	562,248	516,323	67,426	15%	(45,925)	-8%
Information Technology*	72,336	80,402	90,993	18,657	26%	10,591	13%	404,871	485,250	428,087	23,216	6%	(57,163)	-12%
Senior Services	9,183	9,947	10,236	1,053	11%	289	3%	50,876	54,903	52,771	1,895	4%	(2,132)	-4%
History Park	2,938	2,616	1,356	(1,582)	-54%	(1,260)	-48%	17,626	18,541	14,454	(3,172)	-18%	(4,087)	-22%
Law	65,666	34,479	36,519	(29,147)	-44%	2,040	6%	252,873	193,054	199,538	(53,335)	-21%	6,484	3%
Finance - Administration	79,670	79,111	74,646	(5,024)	-6%	(4,465)	-6%	360,148	425,544	393,414	33,266	9%	(32,130)	-8%
Finance - Cashiers Office	27,937	37,074	35,172	7,235	26%	(1,902)	-5%	193,340	193,102	201,864	8,524	4%	8,762	5%
Planning	54,890	71,069	39,670	(15,220)	-28%	(31,399)	-44%	300,387	367,926	426,057	125,670	42%	58,131	16%
Building	145,210	152,266	180,168	34,958	24%	27,902	18%	722,270	880,647	852,487	130,217	18%	(28,160)	-3%
Economic Development	57,379	15,069	19,923	(37,456)	-65%	4,854	32%	352,146	445,234	2,266,884	1,914,738	544%	1,821,650	409%
Police - Administration	135,932	148,392	109,285	(26,647)	-20%	(39,107)	-26%	801,575	897,175	749,588	(51,987)	-6%	(147,587)	-16%
Police - Operations	666,044	717,512	645,459	(20,585)	-3%	(72,053)	-10%	3,953,942	4,394,902	4,254,939	300,997	8%	(139,963)	-3%
Police - Investigations	100,749	116,359	131,786	31,037	31%	15,427	13%	726,686	793,480	830,917	104,231	14%	37,437	5%
Fire	24,254	41,151	39,124	14,870	61%	(2,027)	-5%	196,930	219,406	210,697	13,767	7%	(8,709)	-4%
EMS	37,016	63,958	91,533	54,517	147%	27,575	43%	370,113	345,208	493,660	123,547	33%	148,452	43%
Public Works - Admin & Eng.**	73,225	94,199	84,477	11,252	15%	(9,722)	-10%	437,951	496,600	456,772	18,821	4%	(39,828)	-8%
Public Works - Streets	106,276	123,534	128,584	22,308	21%	5,050	4%	768,901	826,339	801,105	32,204	4%	(25,234)	-3%
Public Works - Forestry	103,330	111,213	109,328	5,998	6%	(1,885)	-2%	471,044	668,202	631,639	160,595	34%	(36,563)	-5%
Expenditure Totals	**1,955,884**	**2,108,519**	**2,086,123**	**130,239**	**7%**	**(22,396)**	**-1%**	**11,546,167**	**12,893,566**	**14,549,368**	**3,003,201**	**26%**	**1,655,802**	**13%**
Net Surplus / (Deficit)	**(385,197)**	**(656,735)**	**(312,386)**	**72,811**		**344,349**		**620,949**	**(324,543)**	**(263,918)**	**(884,867)**		**60,625**	

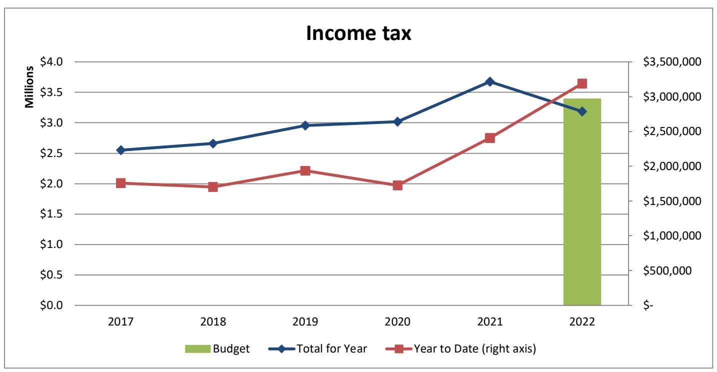
Key General Fund Revenues
For the Period Ended July 31, 2022

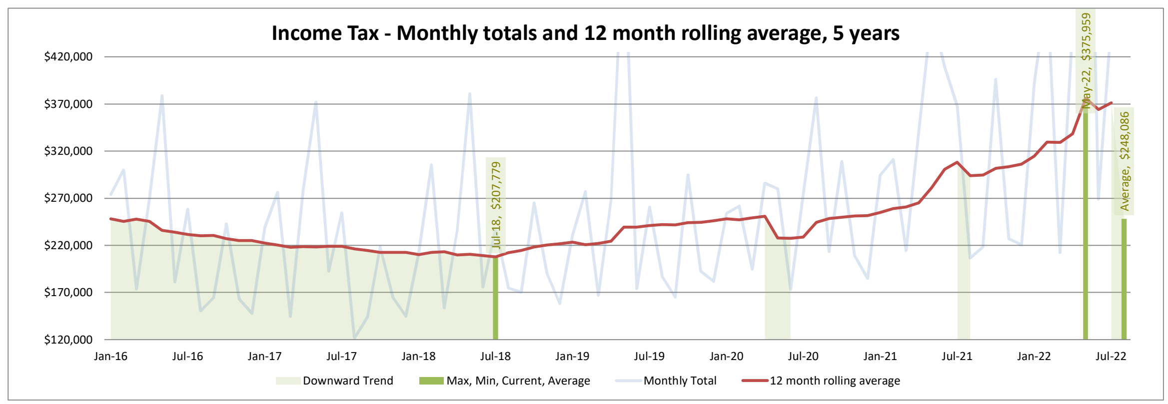


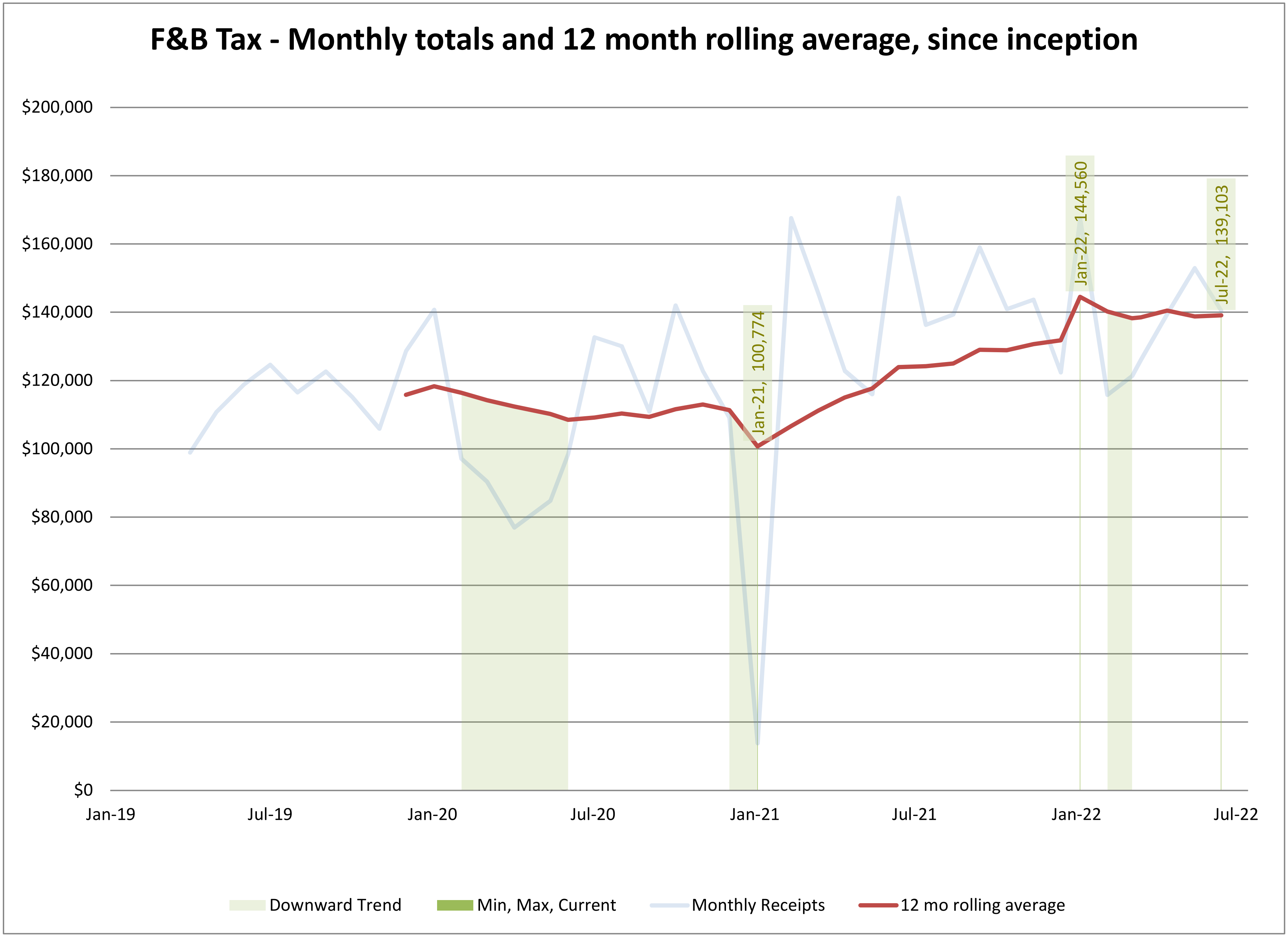











F&B Tax - Monthly totals and 12 month rolling average, since inception
$200,000
$180,000
$160,000
$140,000
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$0
Jan-19
Jul-19
Jan-20
Jul-20
Jan-21
Jul-21
Jan-22
Jul-22
Jan-21, 100,774
Jan-22, 144,560
Jul-22, 139,103
Downward Trend
Min, Max, Current
Monthly Receipts
12 mo rolling average

Glen Ellyn Finance Commission
535 Duane Street
Glen Ellyn, IL 60137

Meeting 9/9/2022 7:00 AM
Department: Finance
Department Head: Larry Noller
Category: Report
Prepared By: Patrick Brankin

AGENDA ITEM (ID # 2022-2604)

DOC ID: 2022-2604

Village Links / Reserve 22 Financial Reports - July 2022

Statement of the Issue:
Please see the attached reports.

Analysis:
N/A

Budget Impact:
N/A

Action Requested:
None - Discussion Only

Attachments:
1. Managers Report
2. Village Links - Financial Statements - July 2022

VILLAGE LINKS
GLEN ELLYN

RESERVE 22 TWENTY-TWO

"Committed to Excellence since 1967"

Manager's Report for July 2022

Submitted by Jeff Vesevick, General Manager

July 2022 gave us warm and wet weather. Looking at July observations from O'Hare, average temperature was 75.3°F (0.1°F below normal), precipitation was 4.50" (0.79" above normal, closer to 6" on site). Carts were grounded for four days on both courses (87% availability rate). Our rains mainly came in two very heavy storms to start the month and end the month.

GOLF

High Temperatures in July																		
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
100º days											1							1
90º days	2	2	5	8	2		1	2		4	15	10	4			3	7	6
80º days	18	15	23	16	20	20	20	18		14	15	20	25	12	26	21	18	19
70º days	11	12	3	7	8	10	8	8		9		1	2	15	5	7	6	5
60º days		2			1	1	1	3		4				4				
50º days																		
40º days																		
30º days																		
Rain	6.0"	1.9"	2.4"	5.5"	1.7"	4.4"	6.4"	2.5"	2.2"	2.4"	4.0"	5.8"	9.2"	1.9"	4.0"	3.4"	2.0"	2.0"

Rounds played were up 2% for the month, and are down 11% for the year.
Greens Fees were up 1% for the month, and are down 10% for the year.
Motor Cart rentals were down 11% for the month, and are down 18% for the year.
Driving Range was up 6% for the month, and is down 7% for the year.
Golf Shop merchandise sales were up 1% for the month, and are down 2% for the year.
Total Golf revenues were up 1% for the month, and are down 10% for the year.

Golf Revenue July											
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Rounds	11,515	11,648	12,879	13,243	11,835	12,191	11,933	12,169	14,378	13,814	14,075
Green Fees	289,643	290,661	315,980	327,770	309,969	317,849	319,389	329,955	389,333	426,790	430,222
Driving Range	38,871	15,027	47,693	55,416	41,188	47,538	50,378	49,505	63,411	84,464	89,406
Pro Shop	21,284	17,344	23,085	26,178	21,903	26,049	24,517	23,907	26,276	29,966	30,312
Carts	79,842	78,726	83,735	88,075	82,628	89,841	94,449	101,459	114,592	120,653	107,655
Resident Cards	1,460	1,940	2,570	2,470	2,500	2,000	2,900	1,990	2,690	1,430	2,340
Miscellaneous	9,880	8,876	8,488	13,412	10,126	10,842	9,819	14,845	13,655	12,661	21,810
Total Revenue	**440,949**	**412,534**	**481,551**	**539,131**	**468,315**	**494,119**	**501,452**	**521,660**	**611,000**	**675,965**	**681,744**

Both the 9-hole and 18-hole golf courses, as well as the driving range, out-performed golf staff forecasts, allowing us to chip away at the poor results from the cool, wet April and mediocre May. Pellucid's Golf Playable Hours (a consistent measurement of acceptable golf weather that factors in precipitation, heat and length of day) were 8% below July 2021 and 5% below a "normal" year. This means that utilization (demand) of our facility was up (the combination of rounds up and playable hours/capacity rounds down). This is great news as we predicted a slight decrease in demand from the COVID driven highs of 2020 and 2021.

Player Improvement/Development programs (junior golf camps/junior leagues/adult group lessons) are all up from 2021 and are at their highest levels. This is another great indicator of things to come in the future, barring any uncontrollable external factors, such as a slumping economy or geo-political events that may affect golf demand.

Golf Outings in July 2022 were down with only 6 official golf outings held and 11 recorded in 2021. Golf continues to monitor the balance between regular and outing play. Outings are good as they achieve a higher green fee per player, put less rounds on the golf course (although one could argue more wear and tear due to the type of golfers), boost food and beverage revenue and will play in inclement weather. Regular play is better if it can support the facility. The players care for the course with a higher regard, more rounds are available to play, and they are more loyal to the Village Links.

The Junior Championship and Couples Championship were held at the end of the month with 24 juniors and 10 couples competing. These tournaments do not command the interest achieved in the past and will be looked at to improve in the future.

The Chicago District Golf Association (CDGA) course rating team performed a mandatory 10-year USGA Handicap update on July 26. The team of about 8 CDGA course raters started early to perform their calculations ahead of our regular play, ate a complimentary lunch, and then played the golf course (optional). Our course ratings on the 18-hole course went down ever so slightly (down one or two tenths of a point) with the slopes down one or two points as well. The 9-hole course ratings and slopes remained unchanged.

GROUNDS

In spite of all the rain and humidity, the golf course is in excellent condition. In-house bunker edging and modifications have given the bunkers a new updated appearance. The bunkers were washed down their sidewalls a couple of times, disrupting some daily maintenance to redistribute the sand.

Grounds

1. All greenside bunkers edged
2. Normal mowing schedule resumed
3. Bunkers Pushed 2 times, Daily Raking Started
4. Tee and Fairway divots filled as needed
5. 3 Irrigation repairs
6. Replaced irrigation at front entrance

Mechanical and Building Maintenance

1. 12 pieces of equipment were repaired and/or serviced
2. 7 repairs made at clubhouse & halfway house
3. 15 Reels ground

Horticulture/Conservation

1. Flowers are peaking at the clubhouse
2. Panfish Park being mowed, and garbage picked up weekly
3. Landscape beds weeded, edged, touched up twice.
4. Mulch in landscape finally completed

RESERVE 22

Outdoor dining remains strong when the weather is favorable. However, the wet days have hampered revenues a bit, down 3% from a year ago. Banquets continue to roll, slightly exceeding last year's record month, and are up a healthy 77% from a year ago. Part-time staffers Lynn Stack and Angela Stafford have done an excellent job in the absence of a full-time Banquet Coordinator.

Reserve 22 - JULY				Year to Date		
	2021	2022	+/-	2021	2022	+/-
Restaurant & Bar	254,191	247,407	*-2.7%*	997,069	969,834	*-2.7%*
Banquets	80,070	80,628	*0.7%*	255,396	451,311	*76.7%*
Beverage Cart	18,909	22,508	*19.0%*	47,979	55,306	*15.3%*
Halfway House	25,990	28,059	*8.0%*	85,189	74,817	*-12.2%*
Other	20,983	23,625	*12.6%*	73,152	102,869	*40.6%*
Total Reserve 22	**400,143**	**402,227**	***0.5%***	1,458,784	**1,654,136**	***13.4%***

Staff is preparing for the upcoming mass exodus of service staff, as many will return to school in early August. Ads are being placed in many avenues for recruiting.

VILLAGE LINKS / RESERVE 22
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
As of July 31, 2022

VILLAGE LINKS GLEN ELLYN | RESERVE 22 TWENTY-TWO

ORG	DESCRIPTION	2022 BUDGET	MONTH 2022	MONTH 2021	MONTH DIFF	MONTH % DIFF	YEAR-TO-DATE 2022	YEAR-TO-DATE 2021	YEAR-TO-DATE DIFF	YEAR-TO-DATE % DIFF
	REVENUES:									
5500	Village Links Revenues	$ 3,564,300	$ 683,934	$ 678,720	$ 5,214	1%	$ 2,071,559	$ 2,301,290	$ (229,731)	-10%
5520	Reserve 22 Revenues	2,746,400	402,227	400,110	2,117	1%	1,654,073	1,458,751	195,323	13%
	Total Revenues	**$ 6,310,700**	**$ 1,086,161**	**$ 1,078,830**	**$ 7,331**	**1%**	**$ 3,725,633**	**$ 3,760,041**	**$ (34,408)**	**-1%**
	EXPENDITURES:									
55700	Administration	$ 462,737	$ 50,957	$ 44,414	$ 6,543	15%	$ 282,578	$ 266,836	$ 15,742	6%
55710	Golf Course Maintenance	1,052,878	133,838	102,717	31,121	30%	621,424	478,401	143,024	30%
55720	Golf Services	824,516	132,780	133,228	(448)	0%	462,721	425,184	37,537	9%
55730	Reserve 22	2,443,495	399,411	374,268	25,143	7%	1,472,363	1,204,538	267,824	22%
55740	Stormwater Management	28,500	3,217	2,813	404	14%	9,538	6,445	3,093	48%
55750	Pro Shop Merchandise	154,031	14,926	23,731	(8,805)	-37%	84,253	94,100	(9,847)	-10%
55780	Motorized Carts	47,515	16,293	13,092	3,201	24%	29,517	27,916	1,601	6%
557X5	Mechanical Maintenance	214,278	18,451	23,944	(5,493)	-23%	177,539	111,122	66,417	60%
	Total Operating Expenses	$ 5,227,950	$ 769,873	$ 718,206	$ 51,666	7%	$ 3,139,933	$ 2,614,542	$ 525,390	20%
	Operating Income	**$ 1,082,750**	**$ 316,288**	**$ 360,623**	**$ (44,335)**	**-12%**	**$ 585,700**	**$ 1,145,499**	**$ (559,799)**	**-49%**
	Debt Service	429,176	-	-	-	0%	49,590	43,041	6,549	15%
	Capital Expenditures	548,550	104,838	34,544	70,293	203%	514,923	80,039	434,884	543%
	CHANGE IN NET POSITION	**$ 105,024**	**$ 211,450**	**$ 326,079**	**$ (114,628)**	**-35%**	**$ 21,187**	**$ 1,022,419**	**$ (1,001,232)**	**-98%**

KEY METRICS

	Goal	MONTH 2022	MONTH 2021	MONTH DIFF	YTD 2022	YTD 2021	YTD DIFF
Personnel Expenses as % of Sales	*47%*	*48%*	*40%*	*7%*	*45%*	*38%*	*7%*
Cash Balance (End of Month, in $000's)	*$ 1,307*	*$ 1,778*	*$ 1,830*	*$ (52)*			

VILLAGE LINKS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
GOLF
(Including Administration, Grounds, & Mechanical Maintenance)
As of July 31, 2022

ORG/ OBJECT	DESCRIPTION	2022 BUDGET	MONTH 2022	MONTH 2021	MONTH DIFF	MONTH % DIFF	YEAR-TO-DATE 2022	YEAR-TO-DATE 2021	YEAR-TO-DATE DIFF	YEAR-TO-DATE % DIFF
5500	**VILLAGE LINKS REVENUES:**									
440550	Green Fees	$ 2,250,000	$ 430,222	$ 426,790	$ 3,431	1%	$ 1,279,053	$ 1,414,190	$ (135,137)	-10%
440554	Pro Shop - Sales	170,100	30,312	29,966	346	1%	109,452	111,205	(1,753)	-2%
440555	Motor Carts	600,300	107,655	120,653	(12,998)	-11%	299,569	363,843	(64,274)	-18%
440556	Driving Range	421,200	89,406	84,518	4,887	6%	267,989	288,278	(20,289)	-7%
440557	Resident Cards	31,500	2,340	1,430	910	64%	32,385	34,286	(1,901)	-6%
460100	Investment Income	100	1,534	0	1,534	852189%	4,001	2	3,999	180933%
489000	Miscellaneous Revenue	91,100	22,424	13,268	9,156	69%	79,263	74,253	5,010	7%
489100	Miscellaneous - Over/Short	-	41	(140)	181	-130%	(152)	(400)	248	-62%
490800	Operating Transfer In	-	-	2,233	(2,233)	-100%	-	15,633	(15,633)	-100%
	Total Revenues	**$ 3,564,300**	**$ 683,934**	**$ 678,720**	**$ 5,214**	**1%**	**$ 2,071,559**	**$ 2,301,290**	**$ (229,731)**	**-10%**
	COST OF GOODS SOLD:									
520945	Cost of Goods Sold - Pro Shop	$ 122,472	$ 10,633	$ 19,849	$ (9,215)	-46%	$ 65,362	$ 75,530	$ (10,168)	-13%
	Total Cost of Goods Sold	**$ 122,472**	**$ 10,633**	**$ 19,849**	**$ (9,215)**	**-46%**	**$ 65,362**	**$ 75,530**	**$ (10,168)**	**-13%**
	Gross Profit	**$ 3,441,828**	**$ 673,300**	**$ 658,871**	**$ 14,429**	**2%**	**$ 2,006,197**	**$ 2,225,760**	**$ (219,563)**	**-10%**
	OTHER OPERATING EXPENSES:									
510100	Salaries - Pensionable	$ 977,352	$ 129,222	$ 110,595	$ 18,627	17%	$ 543,451	$ 474,883	$ 68,568	14%
510120	Salaries - Non-Pensionable	341,000	94,422	63,243	31,180	49%	183,438	139,417	44,022	32%
510200	Salaries - Overtime	6,000	2,877	1,556	1,321	85%	4,660	2,584	2,076	80%
510400	FICA Taxes	101,314	17,011	13,084	3,928	30%	54,535	45,660	8,875	19%
510500	IMRF	66,950	8,672	9,552	(880)	-9%	36,002	40,280	(4,278)	-11%
590600	Health Insurance	129,500	15,954	14,846	1,108	7%	78,398	73,448	4,950	7%
52XXXX	Contractual Services	686,192	55,553	64,586	(9,033)	-14%	416,806	331,770	85,035	26%
53XXXX	Commodities	353,675	36,117	46,628	(10,511)	-23%	284,919	226,431	58,487	26%
	Total Operating Expenses	**$ 2,661,983**	**$ 359,829**	**$ 324,090**	**$ 35,738**	**11%**	**$ 1,602,208**	**$ 1,334,474**	**$ 267,734**	**20%**
	Operating Income	**$ 779,845**	**$ 313,472**	**$ 334,781**	**$ (21,309)**	**-6%**	**$ 403,989**	**$ 891,286**	**$ (487,297)**	**-55%**
	Operating Income Percentage	**22%**	**46%**	**49%**			**20%**	**39%**		

KEY METRICS

	Goal	MONTH 2022	MONTH 2021	MONTH DIFF	YTD 2022	YTD 2021	YTD DIFF
Rounds Played	*78,000*	*14,075*	*13,814*	*261*	*41,938*	*47,000*	*(5,062)*
Revenue Per Round	*$ 45.70*	*$ 48.59*	*$ 49.13*	*$ (0.54)*	*$ 49.40*	*$ 48.96*	*$ 0.43*
Resident Cards Sold	*N/A*	*127*	*76*	*51*	*2,581*	*2,769*	*(188)*
Cost of Goods Sold % - Pro Shop	*72%*	*35%*	*66%*	*-31%*	*60%*	*68%*	*-8%*
Personnel Expenses as % of Sales	*46%*	*39%*	*31%*	*8%*	*43%*	*34%*	*10%*

VILLAGE LINKS GLEN ELLYN | RESERVE 22 TWENTY-TWO

VILLAGE LINKS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
GOLF
(Including Administration, Grounds, & Mechanical Maintenance)
As of July 31, 2022

ORG/ OBJECT	DESCRIPTION	2022 BUDGET	MONTH 2022	MONTH 2021	MONTH DIFF	MONTH % DIFF	YEAR-TO-DATE 2022	YEAR-TO-DATE 2021	YEAR-TO-DATE DIFF	YEAR-TO-DATE % DIFF
	MISCELLANEOUS REVENUE									
	Miscellaneous Revenue includes the following items, which don't fit into any of the major revenue categories:									
	Adult & Junior Golf Lessons		$ 15,238	$ 6,996	$ 8,242		$ 56,490	$ 47,355	$ 9,135	
	Hand Cart Rentals		4,734	3,426	1,308		14,935	14,877	59	
	Handicaps		-	-	-		-	-	-	
	Golf Club Rentals		1,490	1,280	210		3,530	2,610	920	
	Golf Club Repairs		-	-	-		-	738	(738)	
	Locker Rentals		-	-	-		2,240	2,720	(480)	
	Miscellaneous Outings		-	-	-		-	1,048	(1,048)	
	Illinois Sales Tax (1.75%)		559	553	6		1,720	1,511	209	
	Glen Ellyn Food & Beverage Tax (1%)		56	54	2		181	146	35	
	Tree Donation		250	-	250		250	-	250	
	ATM Machine Commission		-	-	-		-	11	(11)	
	Miscellaneous		98	959	(862)		(84)	3,236	(3,320)	
	Total	$ 91,100	$ 22,424	$ 13,268	$ 9,156		$ 79,263	$ 74,253	$ 5,010	

RESERVE 22

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

As of July 31, 2022

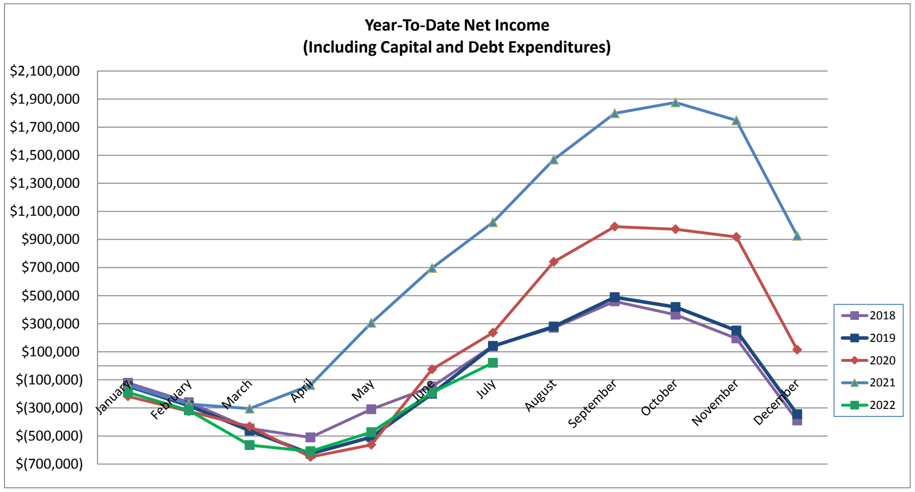
ORG/ OBJECT	DESCRIPTION	2022 BUDGET	MONTH 2022	MONTH 2021	MONTH DIFF	MONTH % DIFF	YEAR-TO-DATE 2022	YEAR-TO-DATE 2021	YEAR-TO-DATE DIFF	YEAR-TO-DATE % DIFF
5520	**RESERVE 22 REVENUES:**									
441100	Food	$ 1,500,000	$ 216,030	$ 210,256	$ 5,774	3%	$ 924,907	$ 798,616	$ 126,291	16%
441101	Liquor	270,000	41,327	44,946	(3,619)	-8%	174,142	157,658	16,485	10%
441102	Beer	485,000	81,440	78,876	2,564	3%	284,847	276,882	7,965	3%
441103	Wine	235,000	27,700	28,731	(1,031)	-4%	122,508	115,340	7,168	6%
441104	NA Beverages	90,000	18,367	17,480	887	5%	51,086	51,460	(374)	-1%
441106	Room Charges	4,000	56	-	56	0%	826	2,871	(2,045)	-71%
441107	Service Charges	160,000	17,211	15,151	2,060	14%	95,548	47,776	47,772	100%
489000	Miscellaneous Revenue	2,400	97	4,670	(4,573)	-98%	208	8,148	(7,940)	-97%
	Total Revenues	**$ 2,746,400**	**$ 402,227**	**$ 400,110**	**$ 2,117**	**1%**	**$ 1,654,073**	**$ 1,458,751**	**$ 195,323**	**13%**
55730	**COST OF GOODS SOLD:**									
530400	Cost of Goods Sold - Beer	$ 135,800	$ 12,110	$ 17,087	$ (4,977)	-29%	$ 66,703	$ 66,987	$ (284)	0%
530401	Cost of Goods Sold - Wine	72,850	5,973	9,187	(3,214)	-35%	36,221	31,761	4,460	14%
530402	Cost of Goods Sold - Liquor	54,000	9,468	11,435	(1,968)	-17%	42,663	33,517	9,146	27%
530405	Cost of Goods Sold - NA Beverages	37,800	7,313	7,472	(158)	-2%	28,984	28,417	567	2%
530420	Cost of Goods Sold - Food	480,000	45,914	55,050	(9,136)	-17%	301,558	260,474	41,084	16%
	Total Cost of Goods Sold	**$ 780,450**	**$ 80,778**	**$ 100,230**	**$ (19,453)**	**-19%**	**$ 476,128**	**$ 421,156**	**$ 54,973**	**13%**
	Gross Profit	**$ 1,965,950**	**$ 321,449**	**$ 299,879**	**$ 21,570**	**7%**	**$ 1,177,945**	**$ 1,037,595**	**$ 140,350**	**14%**
	Gross Profit Percentage	**72%**	**80%**	**75%**			**71%**	**71%**		
55730	**OTHER OPERATING EXPENSES:**									
510100	Salaries - Pensionable	$ 615,000	$ 77,666	$ 76,351	$ 1,315	2%	$ 285,202	$ 276,895	$ 8,307	3%
510120	Salaries - Non-Pensionable	505,000	133,522	105,551	27,972	27%	360,539	233,365	127,174	54%
510200	Salaries - Overtime	10,000	5,414	3,759	1,655	44%	13,700	10,026	3,674	37%
510399	Tips Paid Through Payroll	-	5,508	7,702	(2,194)	-28%	(5,654)	(7,568)	1,913	-25%
510400	FICA Taxes	122,040	22,111	19,865	2,246	11%	64,470	53,072	11,399	21%
510500	IMRF	42,128	7,041	8,840	(1,800)	-20%	24,974	30,050	(5,076)	-17%
590600	Health Insurance	79,200	2,605	8,249	(5,644)	-68%	26,294	41,691	(15,396)	-37%
52XXXX	Contractual Services	140,677	21,267	27,002	(5,734)	-21%	111,805	75,605	36,199	48%
53XXXX	Commodities	149,000	43,499	16,719	26,780	160%	114,904	70,246	44,659	64%
	Total Operating Expenses	**$ 1,663,045**	**$ 318,633**	**$ 274,037**	**$ 44,596**	**16%**	**$ 996,234**	**$ 783,383**	**$ 212,851**	**27%**
	Operating Income	**$ 302,905**	**$ 2,816**	**$ 25,842**	**$ (23,026)**	**-89%**	**$ 181,711**	**$ 254,212**	**$ (72,502)**	**-29%**
	Operating Income Percentage	**11%**	**1%**	**6%**			**11%**	**17%**		

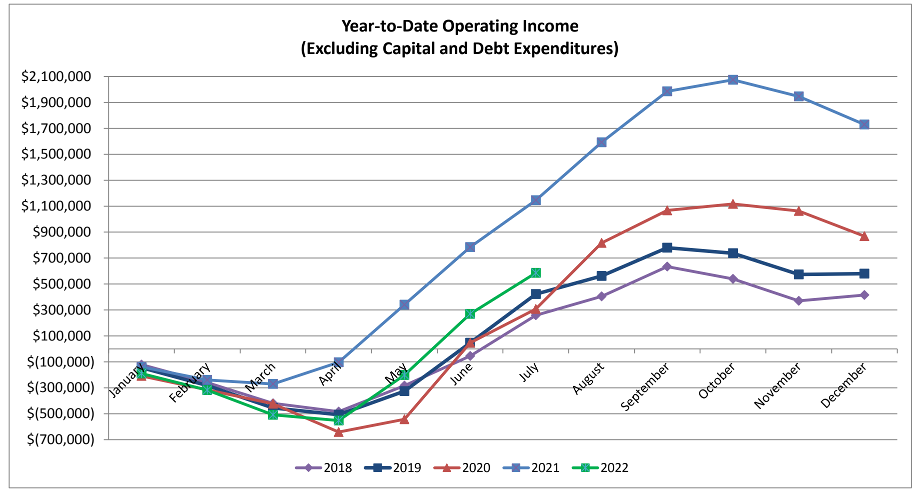
VILLAGE LINKS GLEN ELLYN | RESERVE 22 TWENTY-TWO

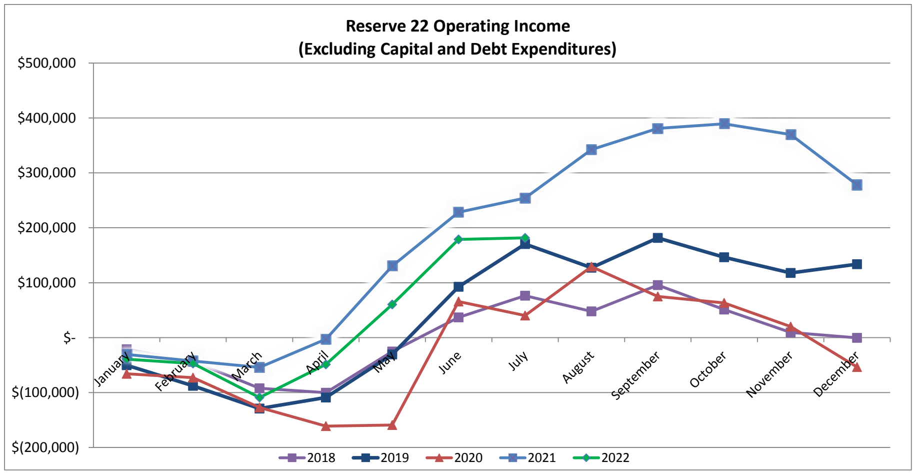
RESERVE 22
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
As of July 31, 2022

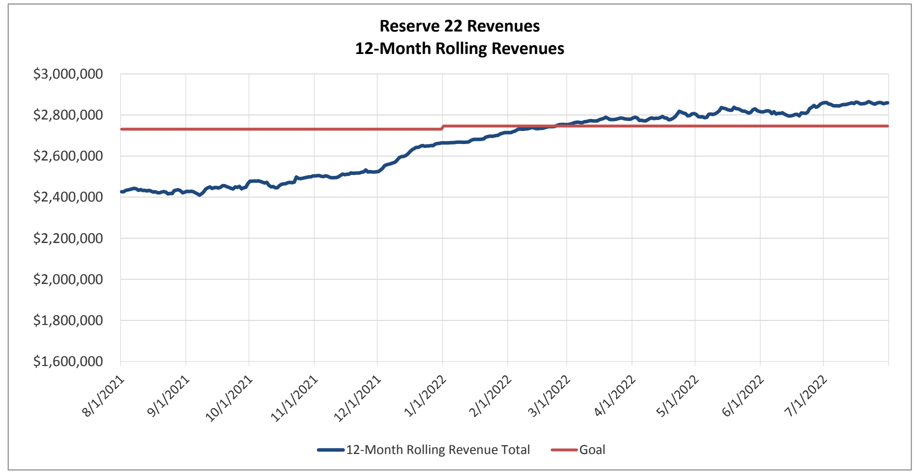
ORG/ OBJECT	DESCRIPTION	2022 BUDGET	MONTH 2022	MONTH 2021	MONTH DIFF	MONTH % DIFF	YEAR-TO-DATE 2022	YEAR-TO-DATE 2021	YEAR-TO-DATE DIFF	YEAR-TO-DATE % DIFF
	KEY METRICS									
		Goal								
	Revenue Source:									
	Restaurant/Bar	*N/A*	*$ 247,310*	*$ 254,191*	*$ (6,881)*	*-3%*	*$ 969,564*	*$ 1,002,961*	*$ (33,397)*	*-3%*
	Banquets	*N/A*	*93,171*	*92,650*	*521*	*1%*	*523,205*	*295,496*	*227,709*	*77%*
	Other	*N/A*	*61,746*	*53,268*	*8,478*	*16%*	*161,304*	*160,294*	*1,010*	*1%*
	Total	*$ 2,746,400*	*$ 402,227*	*$ 400,110*	*$ 2,117*	*1%*	*$ 1,654,073*	*$ 1,458,751*	*$ 195,323*	*13%*
	Reserve 22 Revenues (Last 12 Months)	*$ 2,746,400*					$ 2,859,682	$ 2,423,879	*$ 435,803*	*18%*
	Reserve 22 Expenses (Last 12 Months)	*$ 2,443,495*					$ 2,653,926	$ 2,263,536	*$ 390,390*	*17%*
	# Guest Checks (Restaurant/Bar)	*N/A*	*6,253*	*6,708*	*(455)*		*24,303*	*25,518*	*(1,215)*	
	Revenue Per Guest Check	*N/A*	*$ 39.55*	*$ 37.89*	*$ 1.66*		*$ 39.89*	*$ 39.30*	*$ 0.59*	
	# Guests (Restaurant/Bar)	*N/A*	*10,523*	*11,377*	*(854)*		*40,768*	*43,406*	*(2,638)*	
	Average Guest Spend	*N/A*	*$ 23.50*	*$ 22.34*	*$ 1.16*		*$ 23.78*	*$ 23.11*	*$ 0.68*	
	Cost of Goods Sold %	*28%*	*20%*	*25%*	*-5%*		*29%*	*29%*	*0%*	
	Cost of Goods Sold % (By Category):									
	Cost of Goods Sold - Beer	*28%*	*15%*	*22%*	*-7%*		*23%*	*24%*	*-1%*	
	Cost of Goods Sold - Wine	*31%*	*22%*	*32%*	*-10%*		*30%*	*28%*	*2%*	
	Cost of Goods Sold - Liquor	*20%*	*23%*	*25%*	*-3%*		*24%*	*21%*	*3%*	
	Cost of Goods Sold - NA Beverages	*42%*	*40%*	*43%*	*-3%*		*57%*	*55%*	*2%*	
	Cost of Goods Sold - Food	*32%*	*21%*	*26%*	*-5%*		*33%*	*33%*	*0%*	
	Personnel Expenses as % of Sales	*50%*	*60%*	*56%*	*5%*		*46%*	*44%*	*2%*	
	Prime Cost (Cost of Goods Sold + Personnel Expenses) as % of Sales	*78%*	*82%*	*81%*	*1%*		*76%*	*73%*	*3%*	

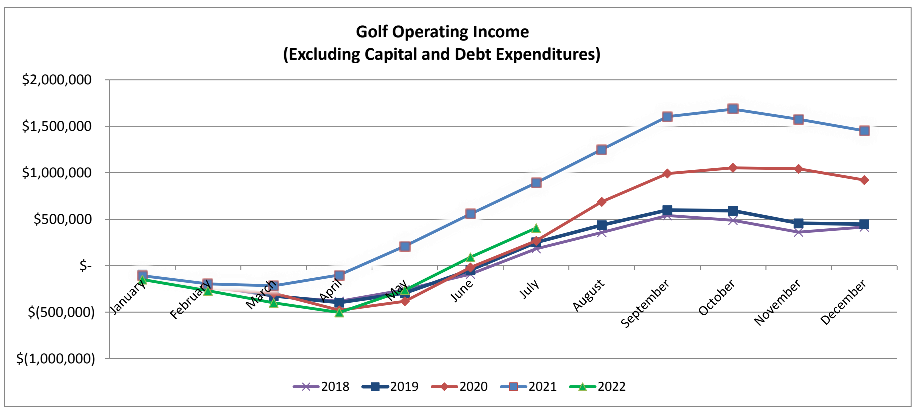
Village Links / Reserve 22
Dashboard Financial Reports
As of July 31, 2022

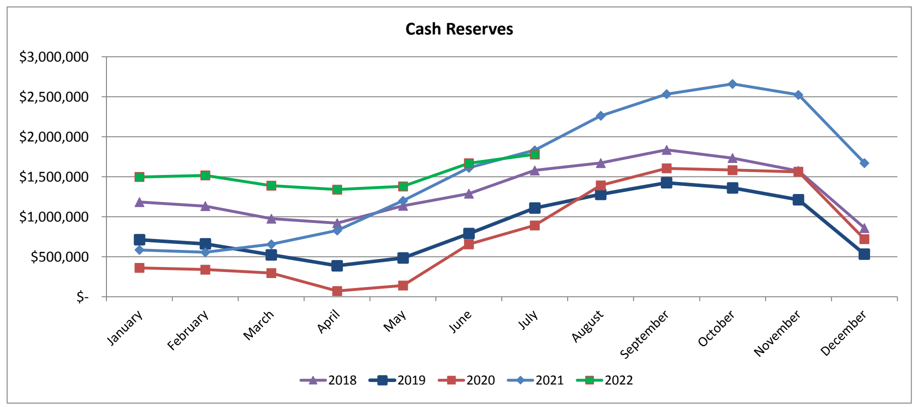












Glen Ellyn Finance Commission
535 Duane Street
Glen Ellyn, IL 60137

Meeting 9/9/2022 7:00 AM
Department: Finance
Department Head:
Category: Other
Prepared By:

AGENDA ITEM (ID # 2022-2593)

DOC ID: 2022-2593

New commissioner orientation

Statement of the Issue:

Analysis:

Budget Impact:

Action Requested:

Attachments: