Agenda
Village of Glen Ellyn
Finance Commission Meeting
Friday, April 11, 2025
7:00 AM
Glen Ellyn Civic Center, Room 301

Visitors are most welcome to attend all meetings of the Finance Commission and can find copies of the Agenda at the meeting or online at www.glenellyn.org prior to the meeting. Any individual with a disability requiring reasonable accommodation in order to participate in a meeting should contact The Village of Glen Ellyn ADA Coordinator, 630-469-5000, at least five (5) business days in advance of the next scheduled meeting. All matters on the Agenda may be discussed, amended, and acted upon.

A. Call to Order

B. Roll Call

C. Public Comment

D. Approval of Minutes

1) March 14, 2025 meeting

E. Lead Service Line Replacement

1) Lead Service Line Replacement

F. Staff Report

G. Chairperson's Report

H. Trustee Liaison's Report

I. Other Business

J. Reminders

1) Next Meeting: Friday, May 9, 2025 at 7:00 AM

K. Adjourn

Finance Commission Minutes
March 14, 2025

A. Call to Order

The March 14, 2025 Finance Commission Meeting was called to order at 7:01 a.m. by Chair Chris Goodman, at the Glen Ellyn Civic Center, Room 301.

B. Roll Order

Chris Goodman	Chair	Present
Lea Dan	Vice-Chair	Present
Anne Arnold	Commissioner	Present
Mike Graham	Commissioner	Present
Leo Hoerdermann	Commissioner	Absent
Grant Lavery	Commissioner	Present
Kevin Moffitt	Commissioner	Present
Brian Niksa	Commissioner	Present
Scott Waldbusser	Commissioner	Absent

Also Present:

Village Manager	Mark Franz
Finance Director	Patrick Brankin
Village Trustee	Kelli Christiansen

C. Public Comment

None

D. Approval of Minutes

Approval of the February 14, 2025, meeting's minutes

Motion to Approve Minutes from February 14 ,2025 Finance Commission Meeting with corrections to spelling of names.
Motion: Chairperson Goodman
Mover: Commissioner Moffitt
Seconded: Commissioner Dan
Result: Unanimous Approval

E. Grocery Tax Follow Up

Finance Director Brankin began by reintroducing the State of Illinois' decision to eliminate the statewide grocery tax. Finance Director Brankin provided memorandums that were previously submitted to the Village Board to serve as additional background information for the commission.

The State of Illinois has officially eliminated the statewide grocery tax effective January 1, 2026. Finance Director Brankin defined the current statewide grocery tax, which items are considered taxable and those that are exempt under the grocery tax. He also explained that the Village would feel the effects of the elimination of the statewide grocery tax beginning April 2026 as tax would be collected by the state until December 31, 2025, and distributed to the village through March 2026. The estimated financial impact of lost general fund revenue was presented and the previously discussed options to replace the lost revenue were again identified.

Finance Director Brankin did explain that the only change to their previous discussions on alternative revenue options was that in previous discussions, the Village did not yet have the authority to implement a local grocery tax. However, the final state legislation on the repeal of the statewide grocery tax now allows municipalities to impose a local grocery tax. For those communities that choose to implement a local grocery tax, it will continue to be collected by the Illinois Dept. of Revenue and then distributed to the municipality without any administrative fees. The ability to implement other revenue options were discussed and clarified. Finance Director expressed that he is looking to take a recommendation to the Village Board from the Finance Commission on what, if anything, would be implemented to replace the lost statewide grocery tax. It is the recommendation of Village Staff to implement a local grocery tax effective January 1, 2026.

Discussions ensued on the effects of implementing of any of the alternative revenue sources including potential effects on current agreements with developers, administrative burdens, and political reactions.

Motion to support the local reimplantation of the grocery tax.	
Motion:	Chairperson Goodman
Second:	Commissioner Moffitt
Ayes:	Goodman, Dan, Arnold, Graham, Lavery, Moffitt
Nays:	Niksa

F. Staff Report

Finance Director Brankin announced hiring of the staff accountant and a promotion of the payroll specialist to payroll and benefit specialist in the Finance Department. It was also announced that the Village of Glen Ellyn received the GFOA award for its 2023 Popular Annual Financial Report. For 2023, the Village has now received the award for all three documents which include the Popular Annual Financial Report, the Annual Comprehensive Financial Report, and the Budget.

G. Chairperson's Report

None

H. Trustee Liaison's Report

Trustee Christiansen reported that the village will transfer the US Bank property to the Glen Ellyn Park District as well as assuming management and maintenance of Manor Woods and Panfish Park. Additionally, the Village is purchasing a parcel on Butterfield Road from Catholic Charities that gives the potential for future annexations.

I. Other Business

None

J. Reminders

1) Next Meeting: Friday, April 11,2025 at 7:00 a.m.

K. Adjourn

Commissioner Niksa moved to adjourn, and Commissioner Arnold seconded the motion. The meeting was adjourned at 7:41 a.m.

Submitted By: Colette Ameche, Recording Secretary

	Glen Ellyn Finance Commission 535 Duane Street Glen Ellyn, IL 60137	Meeting 4/11/2025 7:00 AM Department: Finance Department Head: Patrick Brankin Category: Discussion Item Prepared By: Patrick Brankin
	AGENDA ITEM (ID # 2025-298)	**DOC ID: 2025-298**

Lead Service Line Replacement

Statement of the Issue:

The Village will be required to replace all lead service lines within its water distribution system over a 10-year period.

Analysis:

Please see attached memo for additional information.

Budget Impact:

Please see attached memo for additional information.

Contribution to Strategic Plan

Action Requested:

Please see attached memo for additional information.

Attachments:

1. LSLR memorandum 4-11-25
2. Lead Service Line Replacement memo 9-27-24 (1)

MEMORANDUM

TO: Finance Commission

FROM: Patrick Brankin, Finance Director

DATE: April 11, 2025

RE: Lead Service Line Replacement Costs

As the Commission is aware, the Village is subject to a Federal and State mandate to replace all lead service lines within the Village. This mandate was recently amended through the Environmental Protection Agency's Lead and Copper Rule Improvements (LCRI), which require the Village to begin replacement of lead lines by 2027 and to complete replacement of all lead lines within ten years. Village staff currently estimates that there are a total of 1,136 lead lines requiring replacement within the Village, and that the total cost of replacing all lines will be approximately $11 million over the ten-year period.

The Illinois Environmental Protection Agency (IEPA) does have a program in place to assist local governments with the cost of compliance with lead service line removal requirements. This program involves 30-year loans at a 0% interest rate and requires the borrowing community to pay for 100% of the costs of replacing privately-owned lead service lines to be eligible. However, there is extraordinary demand for these loans and Village staff believes it to be unlikely that Glen Ellyn would qualify for this funding due to the scoring model used by the IEPA.

Currently, the Village has no revenue or funding mechanism in place to pay for the costs of replacing lead service lines. While the Water & Sewer fund does currently maintain healthy reserves, the Finance Department's current modeling shows that the entirety of those reserves, in addition to annual future increases to our existing water and sewer rates, will be required to ensure the solvency of the Fund.

Staff feels that given the accelerated time period imposed by the LCRI, the high cost of lead service line replacement, and the expected difficulties in obtaining financing for these costs, that there is an urgent need to begin generating revenue dedicated to lead service line replacement. The primary funding option previously discussed with the Village Board is a fixed monthly fee charged to every water account within the Village, which would generate approximately $100,000 in annual revenue for every $1 of monthly fee imposed.

Additionally, the Village Board has been considering different options on this topic over the last year in conjunction with the water rates discussion. The consensus appeared to be to pay 100% of the privately-owned portions of lead service lines, and staff is drafting an ordinance for the Board to formalize that decision. Furthermore, staff believes that to maximize the potential of receiving any IEPA loans, that hiring a consultant will be necessary. At this time, we are in a position to make an initial recommendation to the Village Board on how to address this unfunded mandate and manage this most effectively.

Staff respectfully seeks consensus from the Finance Commission in these areas in order to bring forward a recommendation to the Village Board at an upcoming Board Workshop.

MEMORANDUM

DATE: September 27, 2024

TO: Mark Franz, Village Manager

FROM: Dave Buckley, Public Works Director; John Hubsky, Assistant Public Works Director

RE: Lead Water Service Line Replacement (LSLR) Plan - Update

CC: Nick Burgoni, Utilities Superintendent; Rich Daubert, Village Engineer; Patrick Brankin, Finance Director,

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The following is a high-level overview of the current status of LSLR requirements and what decision points the Village Board has with regard to funding a LSLR Plan.

In August of 2021, the State of Illinois signed into law the Lead Service Line Replacement and Notification Act. Effective January of 2022, the Act established requirements for owners of commuter water supplies to develop, implement, and maintain a comprehensive water service line material inventory and lead service line replacement plan. Other requirements related to notification and prohibition of partial lead service line replacements are also contained within the Act.

The State of Illinois' Act is contained within 415 ILCS5/17.12. The Statute required that each community water supplier submit a complete inventory of water service lines by material type along with a draft LSLR plan by April, 2024, with suppliers having until April of 2027 to finalize the plan and start replacement of all lead service lines. The plan includes a required timeline (based on population and number of lead service lines) to remove all lead service lines per the requirements of the Act. Based on the Village's current service line inventory and population, Glen Ellyn would have 17 years from April of 2027 to replace all lead water service lines.

Glen Ellyn contracted with Baxter & Woodman to create a draft LSLR plan along with the number of lead service lines (inventory consisting of known lead, galvanized and any unknown material). That draft plan was created and submitted to the Illinois EPA in April 2024. For reference, there are two sections of water service lines in Glen Ellyn, the public side that runs from the water main to the B-Box (water turn on/off), including the B Box, and the private side that runs from the B-box to the water meter in the building/residence.

In November of 2023, the U.S. EPA announced proposed Lead and Copper Rule Improvements (LCRI). Among other requirements, the proposed LCRI would require most water systems to replace their lead water service lines within 10 years. There is debate over many aspect of the LRCI with some uncertainty as to whether or not the more stringent requirements will go into effect.

Over the last 3 years, Glen Ellyn has been working towards implementing a LSLR plan starting in April 2027 (consistent with the Illinois Act requirements), but with the U.S. EPA's proposed LCRI, the timeline may be significantly accelerated. An October, 2024 deadline is in effect for the LCRI rules to either be adopted or for the U.S. EPA to defer to existing LSLR requirements.

The variables of a lead service line replacement plan are many and are complex when considered as a whole:

1. Identifying unknown materials (currently 1931) to confirm the number of LSLR segment lines
    - In house hydro-excavating – cost effective but slower rate of identification
    - Contractor hydro-excavating – high cost but quicker rate of identification
    - 5 years to identify all current unknown service lines with the expectation of finding another ~500 segments to replace (~1,000 total to replace)
2. Sending out an RFP for a Hydraulic water model to identify water main replacement and align that with high concentration of LSLR (identified in GIS)
    - The Water Model will not be available for 12-15 months once the firm is selected (December 2024)
    - The model will impact CIP with additional infrastructure needs
    - Need to match up roadway PCI with water main replacement plan that could alter the order of specific roadway work
3. Financial considerations
    - Costs
        - Single service replacement present (2024) cost estimate (~500 service segments)
            - Customer side only (288) - ~$8,000/line
            - Public side only (172)~$7,000/line
            - Full replacement (20) - ~$15,000
            - Total cost of current known lead - ~$3.8M
            - Estimate number of lead service to double after all unknowns are identified - ~$7.6M
            - Actual cost dependent on confirmed number of lead services, annual escalation, and time of service replacement but estimated on the order of $11M to replace all lead services over a 10-year period starting in 2025 and ending in 2035.
        - Water main replacement cost can vary but need to consider effective replacement of older (100+ years) and smaller diameter mains, specifically 4" in conjunction with areas of high lead service concentration and planned roadway work
        - Baxter & Woodman draft plan estimated costs but this was the first-year draft plan with a final plan due in 2027
        - More information is available on the Village website regarding Lead in Drinking Water and a copy of the draft replacement plan Draft LSLR Plan

- Funding
  - Grant & Public Water Supply Loan Program
    - Recently reviewed grant funding opportunities yielded that Glen Ellyn doesn't currently qualify due to median household income. Staff shall continue to monitor for outside funding opportunities.
    - The State of Illinois offers a Public Water Supply Loan Program which provides 0% 30 years loans for public water supply projects including lead service line replacement. There is limited funding for the program and as such, it is competitive in nature. Applications are scored and ranked based on 7 evaluation criteria with projects ultimate put on a priority list for loan assistance. A reasonably high order of project planning and engineering needs to be completed to have a complete and competitive application or the program.
  - Water fixed rate increase for all customers
    - Consider a $7.50/mo fixed fee increase per water service line for the life of the LSLR program provides ~$652K per year (the fee could be increased each year in line with construction cost escalation); this fee would sunset when there was enough money to complete LSLR (or for the life of the debt if loans were taken out).
  - Require customers to pay for private side of service line plus a reduce water fixed rate increase for all customers
    - See item 4; the Village could also require that customers with lead services pay for replacing the private portion of lead services as to reduce the fixed rate increase for all customers which would then solely cover the cost of the public side replacements.

4. Other considerations for funding LSLR including imposing the cost of the private side replacement on solely those customers with lead service lines, a potential reimbursement program for services replaced outside of the LSLR Plan, parameters for when and how LSLR can be performed with reimbursement, etc. Once a service line is disturbed (construction or service line replacement) the whole service line needs to be addressed for removing lead.
   - ➢ Here is an infographic explaining LSLR Scenarios: chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://eeiweb.com/wp-content/uploads/2022/04/EEI_220317_LSLR_Scenario.pdf

   - Three potential options for a reimbursement program
     - 0% - Pay for the public portion only and require the property owner to pay for the private side. This would be the least expensive approach for the Village and would have to be in conjunction with the private side being done. The property owner would simply have the contractor doing the work split the invoice between the public side and the private side and bill it

accordingly. Possibility of resident signing a waiver that Glen Ellyn will need to manage.

    - 50% - Pay for the public side and do a 50/50 cost share on the private side. The contractor could break out the public side cost plus 50 percent of the private side and send the Village an invoice for that portion. The homeowner would than pay the remaining balance to the contractor.
    - 100% (to a set limit) - Pay a flat amount to be reimbursed for the work done. Some municipalities have been offering $6-8,000 amounts for reimbursement. Total cost of a replacement varies depending upon site conditions, length of service and internal plumbing that will need to be done. This would resemble the current cost share program and residents would provide the village 1-3 quotes and the village would approve the contractor and pay up to the reimbursable amount. Any cost over the reimbursable maximum amount would be the responsibility of the resident. Long term liability is reduced with this option.
    - Letters and waivers are needed for any resident deciding not to replace their lead service line. These documents need to be managed on a yearly basis.

- Timeline factors:
    - If roadway is scheduled for water main and/or service line replacement before 2035, how will GE manage requests for LSLR before the roadway/water main work is scheduled?
    - If roadway work is not scheduled for water main replacement before 2035, how will GE manage requests for LSLR that are beyond the budgeted dollars for a specific year?
    - Retro payback? Option of Glen Ellyn paying back residents who replaced lead line services outside the parameters or time frame of this program. Date when Lead Service Line Replacement was enacted would be the cutoff for replacement.

- Other community LSLR programs in place
    - Lombard – Max $5,000 or up to 75% of the cost on private side covered by Village
    - Wheaton – 100% of costs on private side covered by City
    - Downers Grove – Private side costs responsibility of homeowner but seeking alternative funding options to assist with costs
    - West Chicago – Matrix of options based on scenario from 100% on homeowner to 100% of city

The Village Board will need to make a number of decisions on funding lead water service line replacement. Staff respectfully requests that the village board, if possible, provide questions on LSLR in advance of the November workshop in order to have a productive and decisive discussion. A full presentation will be made at the workshop.