



# PUBLIC WORKS STAFF REPORT

<b>MEMO DATE:</b>	January 8 <sup>th</sup> , 2021
<b>MEETING DATE:</b>	January 13 <sup>th</sup> , 2021
<b>TO:</b>	Utility Commission
<b>FROM:</b>	JJ Larson, Director of Public Works & Utilities
<b>RE:</b>	<b>2021 Water Utility Budget memo</b>

## BACKGROUND

The packet includes the proposed operating and 5-year capital budget for the Village Water Utility. This memo serves to highlight the biggest proposed changes.

## OPERATING BUDGET HIGHLIGHTS

- The most significant addition is of one FTE that will be primarily focused on Water and Sewer Utility work; utility locates, ROW permit inspection, water meter work, sanitary inspections, flow monitoring, hydrant flushing, as well as many other duties. The position description is in your packet. If approved, I intend to offer the position internally first; obviously all of our staff is capable and experienced so I want to offer the chance to anyone who may be interested in specializing on the Utilities full time. The Village Board approved funding 10% of the position that will come from the General Fund. 45% of the position will be Water Utility and 45% Sewer Utility.
- A proposed change in the Customer Accounting section. This addition of \$15,000 will continue to cover the cost of the fees charged when customers pay electronically with a credit card. It is highly unlikely that this cost will get to this level, but if we continue to push online payment and get significant increases, we want to be sure to have it covered. These costs are able to be absorbed in our rates per PSC during our next rate case.

## CAPITAL BUDGET HIGHLIGHTS

This is the first year this document has been presented this way to the Utility Commission; I wanted to make sure the Commission sees everything that is paid with Utility funds, even the smallest share of a piece of equipment being replaced. The top portion shows the planned equipment replacements and building projects and the amount for which the Water Utility is responsible. Also of note, we have no major water system projects planned that would require borrowing, we can utilize cash for the relatively small projects we have planned, assuming we keep up with small rate increases.



- Annual hydrant and valve replacements; we don't do these or spend this annually, but once we have a number identified in need of replacement, we have this accounted for because the costs can get significant.
- There is a placeholder (\$15,000) for the addition of customer usage monitoring software; with the idea to have a customer portal allowing our residents to monitor their own water usage the same way we can now through the AMI system. I have reached out to our vendor for pricing and specifics, but this item is one that would need more discussion at the Commission level to determine cost-benefit and overall desire of our customer base.
- Water main replacements and/or linings are planned in conjunction with road projects; Firemen's Park Loop will be done next year with Clark & Grove St. A small stretch of E. Taylor and also Main St. will be completed in the same years the street reconstruction is planned.
- There are security upgrades in the plan; in the coming months I will be completing an updated Vulnerability Assessment as well as updating the Water Utility's Emergency Response Plan and I anticipate there will be security improvements we'll want to pursue once that is completed.

#### **CUSTOMER IMPACT**

Baker Tilly reviewed the proposed operating budget and capital plan for the Water Utility and recommended only a Simplified Rate Case (3%) is done after completion of the Annual Report to the PSC in early 2021.

#### **STAFF RECOMMENDATION**

I recommend approval of the proposed Water Utility Operating budget and 5-year Capital Plan.