

PUBLIC UTILITIES ADVISORY BOARD AGENDA ITEM

ACTION REQUESTED:

Receive the Water Utilities Rate Study Presentation

DEPARTMENT: Water Utilities

SUBMITTED BY: Darrell Blenniss, Director

BACKGROUND:

Serving more than 43,500 customers with a population over 145,000, Naperville Water Utilities provide high quality, reliable, and critical services to our community. Detailed financial planning is needed to ensure continuity of services and sustainable capital investment. This financial planning involves annual budget development and periodic rate studies.

Carollo FMG has been retained to prepare a new rate study, as the planning horizon for the last study ends in 2021. This rate study involves the creation of a revenue sufficiency model, a cost-of-service evaluation, and a review of the existing rate design. These items will be evaluated to determine their sufficiency in meeting policy goals. Adjustments to fees and charges will be recommended.

Earlier this year, staff provided presentations to the Public Utilities Advisory Board (PUAB) and City Council on the current state of the Water Utilities' infrastructure. These presentations were divided along our major business groups: Wastewater Collections & Pumping, Water Supply/Distribution, and Wastewater Treatment (Springbrook). Our findings showed additional investment is needed in Water Supply/Distribution and Wastewater Treatment to maintain service levels and regulatory compliance. Our capital program in Wastewater Collections & Pumping demonstrated that the current level of investment is achieving desired results and should be continued going forward.

DISCUSSION:

The July 15 presentation is intended to provide a review of the assumptions and inputs used in the model, as well as the cost of service methodology, capital improvement scenarios associated with various levels of investment, use of debt financing, and existing rate design; and then to seek feedback from PUAB on these topics.

Feedback received from PUAB will be combined with feedback received from City Council and incorporated in a draft report. This report, along with staff-suggested changes, will be reviewed by PUAB at the September meeting, with recommendations provided to City Council for their consideration during the budget process later this year.