

Village of Thornton

Memo

To: Board of Trustees

From: Arlette Frye, Treasurer

cc: Melissa Wiak, Acting Administrator
Bryan Roberts, Public Works Director

Date: 1/14/2025

Re: Water Billing Rates

As we have discussed previously, we need to evaluate our water billing rates. Per the village code (copy attached), it appears that staff has the authorization to raise the rates for North of the Tollway whenever our supplier (South Holland) raises their rate. Per the code, the authorized increase, is only the increase of the supplier and not increases for any other expenses such as salary or maintenance costs.

For properties South of the Tollway, any increase would have to be approved by the board.

From what I can tell by reviewing the billing registers, properties North of the Tollway were increased in May 2024 \$1.45/1,000 gal. There had not been an increase previous to that since 2018. The Village has receives an increase from the supplier annually. The cumulative increase since 2018 is \$ 1.91. Our billing rate increase is \$.46 less than the cost increases from our supplier. We will be getting another increase in March but have not been notified what that increase will be.

Properties South of the Tollway were last increased in 2023. South of the Tollway, the rates have increased \$1.66 since 2020, which only covers the increase from our supplier (Chicago Heights). Below is a recap of the billing rates and rates from our suppliers.

During the last 4 years, the approved cola increases for employee salaries totaled 12.75%.

Budget FYE:	Approved Cola %
FYE 4/22	2.50
FYE 4/23	2.75
FYE 4/24	3.50
FYE 4/25	4.00

These salary costs and annual increases for other operating expenses are not reflected in any rate increases. The water fund is designed to be a fee for service fund and to be self-supporting. Unless a significant increase is considered, the fund will not be able to cover its cost. (Refer to FYE 4/2024 financial statements for a loss of \$220,774) We must include in any rate increases not only the supplier's increase but also increases for salaries and other operating costs. We all know what has happened to all costs in the last couple of years. The recommendation is to increase the rates to capture all of the supplier's increases and an addition \$1.00/ 1000 gallons to cover some of the costs of salary and maintenance over the last 4 years. The recommendation would be to split the \$1.00 between water and sewer, .75 and .25 respectively.

The new rates as recommended are:

	Water	Sewer	Cap. Imp.	Total
North of the Tollway:				
<500,000	\$ 15.96	\$ 1.00	\$ 1.75	\$ 18.71
>500,000	\$ 14.60	\$ 1.00	\$ 1.75	\$ 17.35
South of the Tollway	\$ 11.62	\$ 1.00	\$ 1.75	\$ 14.37

Historical Rate Summary

Water	Sewer	Cap Imp	Total	Supplier Rate	Amount of increase	% of increase
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North of the Tollway

Current	< 500,000 gal.	\$ 14.75	\$ 0.75	\$ 1.75	\$ 17.25	increase 3/2025 for invoice beginning January 2025 - TBD			
	>500,000 gal.	\$ 13.70							
2024	< 500,000 gal.	\$ 14.75	\$ 0.75	\$ 1.75	\$ 17.25	\$ 9.42	\$ 0.44	4.900%	
	>500,000 gal.	\$ 13.70							
2023	< 500,000 gal.	\$ 13.30	\$ 0.75	\$ 1.75	\$ 15.80	\$ 8.98	\$ 0.47	5.523%	
	>500,000 gal.	\$ 12.25							
2022	< 500,000 gal.	\$ 13.30	\$ 0.75	\$ 1.75	\$ 15.80	\$ 8.51	\$ 0.53	6.642%	
	>500,000 gal.	\$ 12.25							
2021	< 500,000 gal.	\$ 13.30	\$ 0.75	\$ 1.75	\$ 15.80	\$ 7.98	\$ 0.16	2.046%	
	>500,000 gal.	\$ 12.25							
2020	< 500,000 gal.	\$ 13.12	\$ 0.75	\$ 1.75	\$ 15.62	\$ 7.82	\$ 0.16	2.089%	
	>500,000 gal.	\$ 12.07							
						\$ 7.66			

Water	Sewer	Cap Imp	Total		Supplier Rate	Amount of increase	% of increase
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South of the Tollway

	2023	\$ 10.87	\$ 0.75	\$ 1.75	\$ 13.37		\$ 5.07	\$ 1.48	41.226%
	2022	\$ 9.61	\$ 0.75	\$ 1.75	\$ 12.11		\$ 3.59	\$ -	
	2021	\$ 9.21	\$ 0.75	\$ 1.00	\$ 10.96		\$ 3.59	\$ 0.18	5.155%
	2020	\$ 9.21	\$ 0.75	\$ 1.00	\$ 10.96		\$ 3.41		