

BOARD OF TRUSTEES WORK SESSION
11004 Carpenter Street, Mokena, Illinois 60448
Monday, April 10, 2023

CALL TO ORDER

Mayor Fleischer called the Board of Trustees work session to order at 7:23 p.m.

ROLL CALL

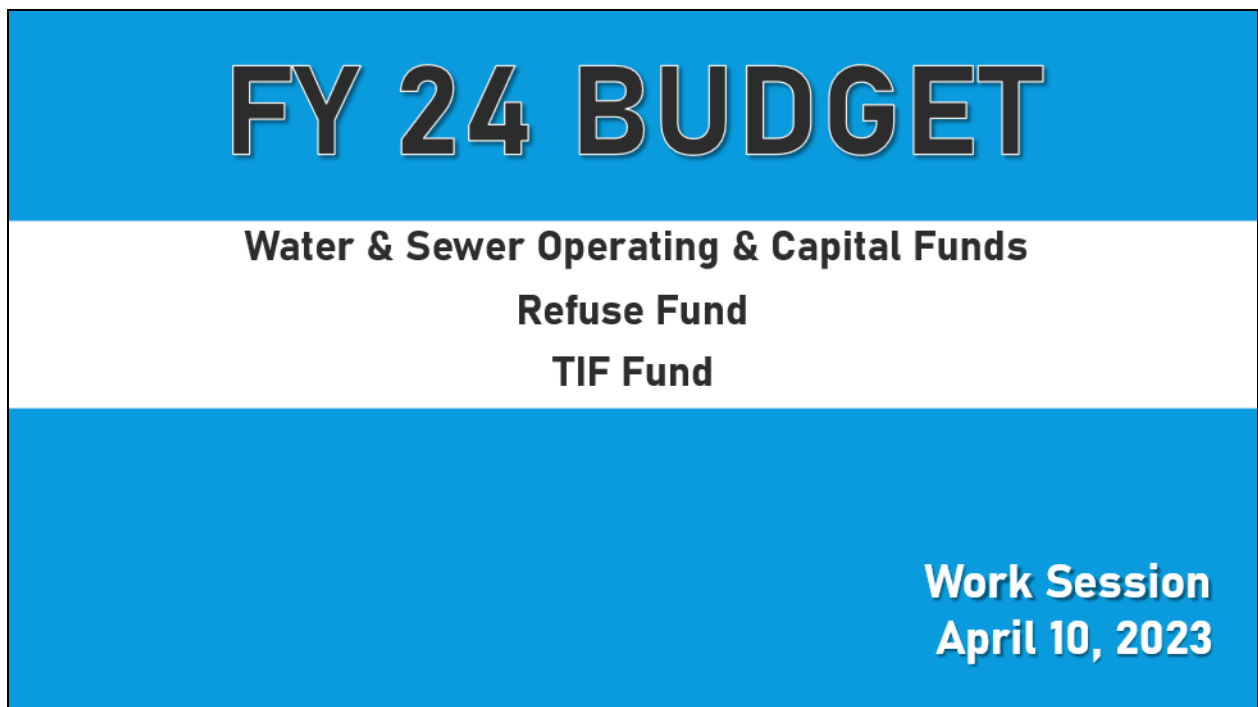
The following Trustees were present:

Joseph Budzyn
Rob Dauphinais
Debbie Engler
Melissa Fedora
George Metanias

Also present were the following: Village Clerk Melissa Martini; Village Administrator John Tomasoski; Finance Director Nathan Pasbrig; Village Attorney Carl Buck; Community and Economic Development Director Matt Ziska; Chief of Police Brian Benton; Director of Public Works Jim Kulesa; and Assistant Public Works Director Dan Peloquin

Fiscal Year 24 Budget: Water/Sewer Capital Fund, Water/Sewer Operating Fund, Refuse Fund, Tax Increment Financing (TIF) Fund

Village Administrator John Tomasoski presented the following item:



FY 24 BUDGET

Water & Sewer Operating & Capital Funds
Refuse Fund
TIF Fund

Work Session
April 10, 2023



FY 24 BUDGET PROCESS

What We've Covered So Far

- ✓ January 23: Road and Infrastructure Maintenance
- ✓ February 20: Fleet Maintenance

Tonight's Discussion

- Water
 - Rate
 - Operating Fund
 - Capital Improvements
- Sewer
 - Operating Fund
 - Capital Improvements
 - WWTP Repair & Replacement
 - WWTP Expansion Fund
- Refuse Fund
- TIF Fund

FY 24 WATER RATE VARIABLES

Water Rates

- Chicago rate increase June 1, 2023 – 5% or \$0.22/1,000 gallons
- Delivery component increase – \$0.05/1,000 gallons (Oak Lawn)
- Local component increase – \$0.03/1,000 gallons (Tinley Park)
- Total proposed rate increase of \$0.30/1,000 gallons for FY 24

Sewer Rate

- Propose increase of \$0.30/1,000 gallons



BREAKDOWN

CHICAGO	\$0.22
OAK LAWN	\$0.05
TINLEY PARK	\$0.03
TOTAL	\$0.30

WATER OPERATING FUND

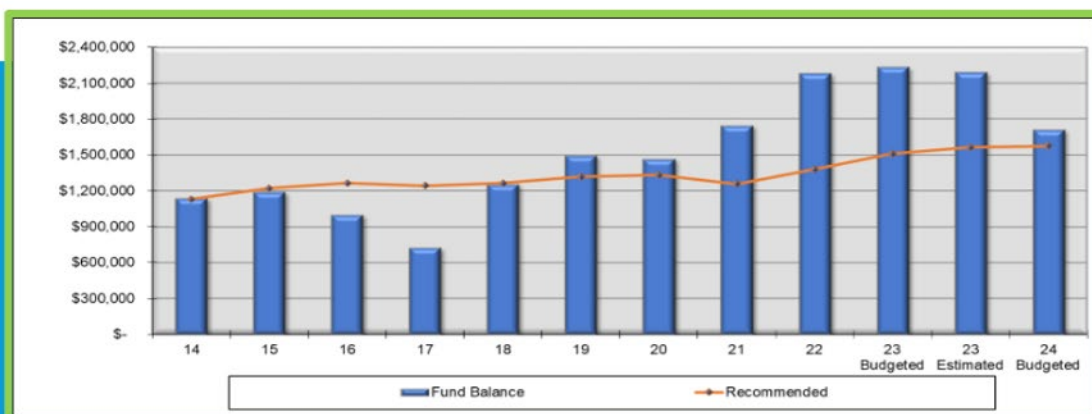
FY 2023 REVIEW

	Budget	Expected	Change
Beg. Fund Balance	\$2,652,694	\$2,738,624	\$85,930
Revenue	5,612,055	5,702,923	90,868
Expenses	6,035,157	6,252,268	217,111
Ending Fund Balance	\$2,229,592	\$2,189,279	(\$40,313)
Fund Balance Percentage	37%	35%	

FY 2024 REVIEW

	Budget	Change from FY 2023	
Beg. Fund Balance	\$2,189,279	(\$549,345)	Decrease
Revenue	5,810,943	108,020	Increase
Expenses	6,294,904	42,636	Increase
Ending Fund Balance	\$1,705,318	(\$483,961)	Decrease
Fund Balance Percentage	27%		

WATER OPERATING FUND SUMMARY



TALKING POINTS

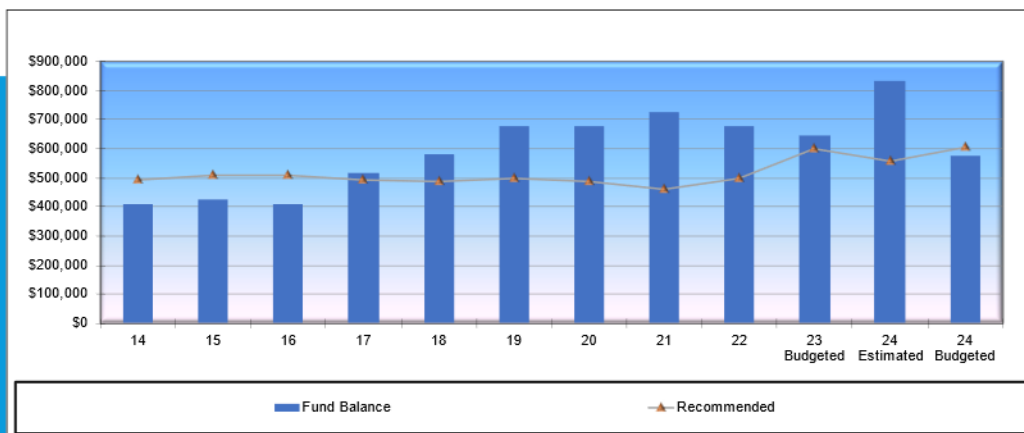
- FY 23 Budgeted fund balance was \$2.230M. FY 23 estimated fund balance is expected to be \$2.189M.
- FY 24 Fund balance is expected to decrease by (\$484K) to \$1.705M or 27% which is above the target level of 25%
- Water costs equal 56% of budget

SEWER OPERATING FUND

FY 23 REVIEW				FY 24 REVIEW			
	Budget	Expected	Change		Budget	Change	
Beg. Fund Balance	\$1,010,026	\$1,008,096	(\$1,930)	Beg. Fund Balance	\$ 833,737	(\$174,359)	Decrease
Revenue	2,020,051	2,055,488	35,437	Revenue	2,161,617	106,129	Increase
Expenses	2,387,774	2,229,847	(157,927)	Expenses	2,418,025	188,178	Increase
Ending Fund Balance	\$ 642,303	\$ 833,737	\$191,434	Ending Fund Balance	\$ 577,329	(\$256,408)	Decrease
Fund Balance Percentage	27%	37%		Fund Balance Percentage	24%		

Propose rate increase of \$0.30/1,000 gallons which is included in FY 24 budget revenue.

SEWER OPERATING FUND SUMMARY



TALKING POINTS

- FY 23 budgeted fund balance was \$642K. FY23 estimated fund balance is expected to be \$834k.
- FY 24 fund balance is expected to decrease by (\$256K) to \$577K or 24% which is below the target level of 25%.
- Propose a rate increase of \$0.30.

Municipal Comparison

Based on consumption of 8,000 gallons

Municipality	Water	Sewer	Other Charges	Total
New Lenox	50.64	85.04	49.13 **	184.81
Homer Glen	159.76		-	159.76
Lockport	82.35	46.84	21.49	150.68
Shorewood ^	51.04	67.92	22.43	141.39
Romeoville	59.44	79.68	-	139.12
Plainfield	82.24	43.63	6.50	132.37
Crest Hill	61.81	64.73	-	126.54
Orland Park	67.73	10.72 *	37.83	116.28
Frankfort ^^	38.16	77.28	-	115.44
Mokena	67.52	36.40	5.83	109.75
Tinley Park ^	59.84	16.31 *	4.34	80.49

^ Currently conducting rate studies

* Metropolitan Water Reclamation District of Greater Chicago

** Monthly water line charge of \$34 and sewer charge of \$15.13

^^ Frankfort is discussing rate increase

WWTP EXPANSION FUND

	Fiscal '23	Fiscal '24
Beginning Balance	\$ 3,766,213	\$ 1,335,192
Revenues	350,539	13,352
Expenses	2,781,560	546,083
Ending Balance	\$ 1,335,192	\$ 802,461

WWTP MULTI-YEAR REPLACEMENT PLAN

	FY2024	FY2025	FY2026	FY2027	FY2028
Flow Meters (4)	\$19,000				
Scum Pump	\$15,000				
Channel Blower	\$8,500				
Digester Blowers/Diffusers (4)	\$800,000				
Sludge Pump Seals	\$18,000				
RAS Pumps (3)	\$170,000		\$190,000		
Raw Pump (1)		\$25,000		\$26,600	
Non-Potable Pump (1)		\$55,000			
Generator (Building 85)		\$100,000			
Lab BOD Indicator			\$12,500		
Roof (85 in FY27, 90 in FY 28)				\$60,000	\$20,000
HVAC Improvements (Bld 85 in FY28)					\$15,000
Sludge Transfer Pumps (2)					\$100,000
Total	\$1,030,500	\$180,000	\$202,500	\$86,600	\$135,000

WWTP REPAIR AND REPLACEMENT FUND

	2023	2024	2025	2026	2027	2028
Beginning Fund Balance	\$ 1,430,506	\$ 1,267,498	\$ 199,673	\$ 21,670	\$ (180,613)	\$ (267,213)
Revenue:						
Interest	60,292	12,675	1,997	217	-	-
Total Available For Spending	1,490,798	1,280,173	201,670	21,887	(180,613)	(267,213)
Expenditures:						
Improvements - Facilities	137,900	-	-	-	60,000	35,000
Machinery & Equipment	85,400	1,030,500	180,000	202,500	26,600	100,000
Contingency	-	50,000	-	-	-	-
Total Expenditures	223,300	1,080,500	180,000	202,500	86,600	135,000
Ending Fund Balance	\$ 1,267,498	\$ 199,673	\$ 21,670	\$ (180,613)	\$ (267,213)	\$ (402,213)

Transfer from General Infrastructure Fund in FY 2026.

WATER SYSTEM CAPITAL IMPROVEMENTS

Revenue Assumptions:

- Increase of 1.5% built into fee structure for FY 2024
- Connection fee* = FY 24 through FY 28 - \$9,545
- FY 2025 = 20-1" connections (\$191K); FY 2026 and FY 2027 = 15-1" connections (\$143K); FY 2028 = 10-1" connections (\$95K)

*75% Tap - on fees for Water System Capital

WATER SYSTEM CAPITAL PROJECTS

	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
Contractual Services	\$ 118,925	\$ 10,000	\$ 100,000	\$ 17,500	\$ 12,000	\$ 12,000
Capital Outlay:						
Valve Replacements	28,000	30,000	32,000	34,000	36,000	38,000
Village Wide Leak Survey	28,000	30,000	32,000	34,000	36,000	38,000
East Tower Painting	916,800	-	-	-	-	-
West Tower Inspection	-	-	-	-	-	-
Water Tower Cleaning	7,100	9,000	9,300	9,600	9,900	10,200
187th Street Tank Painting	140,500	-	-	-	-	-
Water Main Replacement/Lining	-	-	650,000	800,000	300,000	-
Water Main Extensions	-	-	-	-	400,000	500,000
SCADA Improvements	25,000	27,000	29,000	31,000	33,000	35,000
Water Tank Dive Inspections	-	-	-	12,500	12,500	-
Water Vault Meter Replacement	-	75,000	-	-	-	-
GPR (50% Split With Sewer)	-	12,500	-	-	-	-
HVAC Second System (Building 10)	-	20,000	-	-	-	-
Well Improvements/Abandonment	30,000	-	-	-	-	-
System Fire Flow Testing & Analysis	-	-	-	-	35,000	-
Total Capital Outlay	\$ 1,175,400	\$ 203,500	\$ 752,300	\$ 921,100	\$ 862,400	\$ 621,200
Other Financing Uses	\$ 150,000	\$ 250,000	\$ 150,000	\$ 150,000	\$ -	\$ -
Total Costs	\$1,444,325	\$ 463,500	\$1,002,300	\$1,088,600	\$ 874,400	\$ 633,200

WATER SYSTEM CAPITAL FUNDS

	2023	2024	2025	2026	2027	2028
Beginning Fund Balance	\$ 2,964,988	\$ 1,735,811	\$ 1,634,854	\$ 839,803	\$ (97,224)	\$ (828,449)
Revenue:						
Tap-Ons	165,000	345,185	190,900	143,175	143,175	95,450
Interest	50,148	17,358	16,349	8,398	-	-
Total Available For Spending	3,180,136	2,098,354	1,842,103	991,376	45,951	(732,999)
Expenditures:						
Contractual	118,925	10,000	100,000	17,500	12,000	12,000
Capital	1,175,400	203,500	752,300	921,100	862,400	621,200
Other Financing	150,000	250,000	150,000	150,000	-	-
Total Expenditures	1,444,325	463,500	1,002,300	1,088,600	874,400	633,200
Ending Fund Balance	\$1,735,811	\$1,634,854	\$ 839,803	\$ (97,224)	\$ (828,449)	\$ (1,366,199)

Transfer from General Infrastructure Fund in FY 2026.

SEWER SYSTEM CAPITAL IMPROVEMENTS

Revenue Assumptions:

- Increase of 1.5% built into fee structure for Fiscal 2024
- Connection fee* = FY 24 through 28 - \$3,182
- FY 2025 = 20-1" connections (\$63.6K); FY 2026 and FY 2027 = 15-1" connections (\$47.7K); FY 2028 = 10-1" connections (\$31.8K)

*25% Tap-on fees for Sewer System Capital

SEWER SYSTEM CAPITAL PROJECTS

	2023	2024	2025	2026	2027	2028
Engineering	\$ 5,200	\$ 10,000	\$ 10,500	\$ 11,100	\$ 11,700	\$ 12,300
Capital Projects:						
Rebuild 2 LS Pumps		37,000				
Televis, Clean & Reline Sanitary Sewers					50,000	53,000
Lift Station Pumps	23,000	40,000	25,000	27,000	29,000	31,000
Control Box Replacement	9,000				10,200	
SCADA Improvements	92,040	400,000	430,000	30,000		
GPR (50% Split with Water)		12,500				
HVAC Second System (Building 10)		20,000				
Safety Grating Sludge Tanks		10,800				
Wall Ladder with Safety Cage (Building 17)		12,000				
Smoke Testing			30,000			
Total Capital Projects	\$ 124,040	\$ 532,300	\$ 485,000	\$ 57,000	\$ 89,200	\$ 84,000

SEWER SYSTEM CAPITAL FUNDS

	2023	2024	2025	2026	2027	2028
Beginning Fund Balance	\$ 1,826,843	\$ 1,782,762	\$ 1,273,352	\$ 854,226	\$ 842,398	\$ 797,652
Revenue:						
Tap-Ons	55,000	115,062	63,640	47,730	47,730	31,820
Interest	30,159	17,828	12,734	8,542	8,424	7,977
Total Available For Spending	1,912,002	1,915,652	1,349,726	910,498	898,552	837,449
Expenditures:						
Contractual	5,200	10,000	10,500	11,100	11,700	12,300
Capital	124,040	532,300	485,000	57,000	89,200	84,000
Other Financing	-	100,000	-	-	-	-
Total Expenditures	129,240	642,300	495,500	68,100	100,900	96,300
Ending Fund Balance	\$ 1,782,762	\$ 1,273,352	\$ 854,226	\$ 842,398	\$ 797,652	\$ 741,149

REFUSE FUND

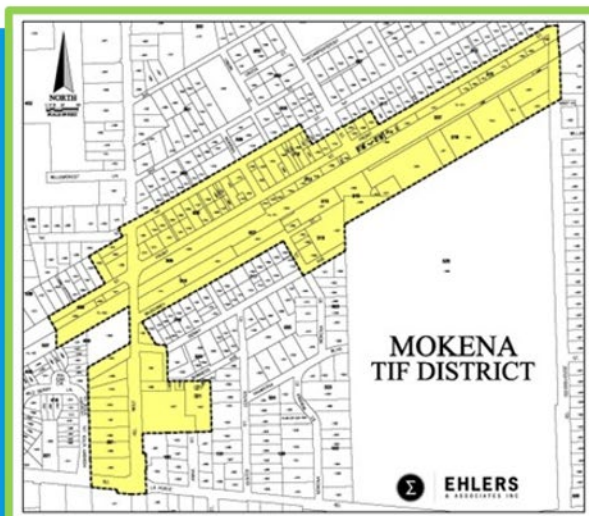
\$1.762M *FY 24 Revenue*
• +\$71K
• +4.25%

\$1.756M *FY 24 Expenses*
• +\$70.2K
• +4.16%

\$232.2K *FY 24 FUND BALANCE*



SPECIAL TAX ALLOCATION FUND (TIF)



\$79.9K *FY 24 Revenue*
• +\$6K
• +8.13%

\$29.3K *FY 24 Expenses*
• -\$10.9K
• -27.2%

\$477.1K *FY 24 FUND BALANCE*

QUESTIONS TO DISCUSS

- Prepare ordinance for water rate increase to \$8.44 at the June 12th Board meeting?
- Prepare ordinance for sewer rate increase to \$4.55 at the June 12th Board meeting?
- Proceed with capital projects as prepared tonight?



Discussion:

Trustee Budzyn asked how much the City of Chicago can increase the cost of Lake Michigan water on an annual basis? Village Administrator Tomasoski responded a maximum of five percent. Trustee Budzyn asked for the main reasons why the expenses have increased in the sewer fund resulting in a recommended increase for Fiscal Year (FY) 24. Village Administrator Tomasoski advised the sewer rate was last increased in FY 17 and as such, many items in this fund have increased since that time. However, two significant increases in FY 24 were the new electric rates for the operation of the Wastewater Treatment Plant and lift stations as well as the cost of chemicals for phosphorus removal, which is an Illinois Environmental Protection Agency requirement.

Mayor Fleischer and Trustee Fedora thanked Village Tomasoski for providing the “Municipal Comparison” slide (slide #8) and explaining what communities currently have Lake Michigan water, as well as some of the operational and financial challenges the communities that are working on obtaining Lake Michigan water are facing compared to the Village’s current position.

The Board directed staff to prepare ordinances for a water rate increase of \$8.44 and a sewer rate increase to \$4.55 at the June 12, 2023 Board meeting. The Board also concurred with the capital projects as presented.

There being no further business to bring before the Mayor and Board of Trustees, Mayor Fleischer adjourned the work session at 7:52 p.m.