

VILLAGE OF ORLAND PARK

14700 Ravinia Avenue
Orland Park, IL 60462
www.orland-park.il.us



Meeting Minutes

Monday, January 7, 2013

6:00 PM

Village Hall

Finance Committee

*Chairman Brad S. O'Halloran
Trustees James V. Dodge and Patricia A. Gira
Village Clerk David P. Maher*

CALL TO ORDER/ROLL CALL

In the absence of Village Clerk David P. Maher, Deputy Clerk Joseph S. La Margo was present.

The meeting was called to order at 6:31 PM.

Present: 2 - Trustee Dodge and Trustee Gira

Absent: 1 - Chairman O'Halloran

APPOINT TEMPORARY CHAIRMAN

In the absence of Chairman O'Halloran, I move to approve appointing Trustee Dodge as Temporary Chairman for this meeting.

A motion was made by Trustee Gira, seconded by Trustee Dodge, that this matter be APPROVED. The motion carried by the following vote:

Aye: 2 - Trustee Dodge and Trustee Gira

Nay: 0

Absent: 1 - Chairman O'Halloran

APPROVAL OF MINUTES**2012-0749 Approval of the December 3, 2012 Finance Committee Minutes**

I move to approve the Minutes of the Regular Meeting of the Finance Committee of December 3, 2012.

A motion was made by Trustee Gira, seconded by Trustee Dodge, that this matter be APPROVED. The motion carried by the following vote:

Aye: 2 - Trustee Dodge and Trustee Gira

Nay: 0

Absent: 1 - Chairman O'Halloran

ITEMS FOR SEPARATE ACTION**2013-0002 Water Rate Increase - Ordinance Amendment**

Finance Director Annmarie Mampe reported that the typical municipal water bill received by an Orland Park resident includes a fixed amount service charge, as well as rates per 1,000 gallons for water, sewer and storm services. The per 1,000 gallon rate for water is made up of three components - the wholesale rate City of Chicago charges for water, the rate the Village of Oak Lawn charges to deliver the water, and the Village of Orland Park's internal, or retail, rate. As part of the annual budget process, the Village reviews each of these rates to ensure that the overall cost of providing these services is fully covered by the rates in place.

In November 2011, the Village received notification from the City of Chicago that it would be increasing water rates by 15% effective January 1, 2013, 2014 and 2015. This increase is necessary to fund various infrastructure improvements being made by the City of Chicago and the increase is being charged to all municipalities and other agencies that purchase water from the City of Chicago. This equates to an increase of \$0.376 per 1,000 gallons, raising the rate from \$2.508 per 1,000 gallons to \$2.884 per 1,000 gallons. The Village will increase its water rate to reflect the City of Chicago increase.

As the Board is aware, the Southwest Customer Group (Mokena, New Lenox, Oak Forest, Orland Park and Tinley Park) and the Village of Oak Lawn continue to work toward completion of the new Water Sale, Purchase and Service Agreement. In the interim, Oak Lawn will continue to provide water service to the Southwest Customer Group for the year 2013 based on the terms of the group's original agreements with Oak Lawn, subject to the replacement of rates and charges provided in the original agreement. The original agreement allows Oak Lawn to periodically review and adjust the Operations and Maintenance rate; however, an adjustment to this rate has not occurred since 1998. The Village of Orland Park currently pays an O&M rate of \$0.04 per 1,000 gallons. Beginning January 1, 2013, Oak Lawn is proposing to increase this rate to \$0.214 per 1,000 gallons, an increase of \$0.174 per 1,000 gallons. This rate increase would be set for calendar year 2013 and would allow for the ongoing contract negotiations to be completed, as well as continued engineering design for the proposed system improvements. Going forward, Oak Lawn will utilize a rate model, developed by a third party, to determine adequate rates on an annual basis. This rate model will be reviewed and approved by the Southwest Customer Group.

In addition, the Village's portion of the overall water rate charged to water customers will increase from \$1.509 per 1,000 gallons to \$1.554 per 1,000 gallons, an increase of \$0.045 or approximately 3%. This increase is necessary to continue to adequately fund the operations and maintenance costs of the Village's water infrastructure. The Village's service charge, sewer and storm rates will not be increased.

For an average customer, with monthly usage of 9,000 gallons, the revised rates will equate to an annual increase of approximately \$64.26; \$40.61 (63.2%) is attributable to the City of Chicago increase, \$18.80 (29.24%) is attributable to the Village of Oak Lawn increase and \$4.86 (7.56%) is attributable to the Village of Orland Park increase.

Temporary Chairman Dodge requested that this water rate increase be thoroughly explained to the residents several times.

Trustee Gira agreed that residents need to know that this increase is coming and that the Village has no control over this increase.

I move to recommend to the Village Board to pass an Ordinance entitled:
ORDINANCE AMENDING THE VILLAGE CODE TO ESTABLISH NEW WATER
RATES

A motion was made by Trustee Gira, seconded by Trustee Dodge, that this matter be RECOMMENDED FOR PASSAGE to the Board of Trustees. The motion carried by the following vote:

Aye: 2 - Trustee Dodge and Trustee Gira

Nay: 0

Absent: 1 - Chairman O'Halloran

ADJOURNMENT - 6:42 PM

A motion was made by Trustee Gira, seconded by Trustee Dodge, that this matter be ADJOURNED. The motion carried by the following vote:

Aye: 2 - Trustee Dodge and Trustee Gira

Nay: 0

Absent: 1 - Chairman O'Halloran

/nm

APPROVED:

Respectfully Submitted,

David P. Maher, Village Clerk

Joseph S. La Margo, Deputy Clerk