

ORDINANCE NO. 0-25-05

AN ORDINANCE AMENDING ORDINANCE NO. 0-24-06  
BE IT ORDAINED BY THE COUNCIL OF THE CITY OF PROSPECT HEIGHTS,  
COOK COUNTY, ILLINOIS, AS FOLLOWS:

**SECTION ONE:** Title 1, Chapter 7, Section 15. I Water Rates of the City Code is hereby further amended by deleting the following strikethrough text and adding the following bold and underlined text to read as follows:

**I. Water Rates**

Each and every business or residential dwelling unit utilizing the City's water distribution system shall be considered a facility. Any facility having connection with the City's distribution system that may hereafter be constructed and used in connection with the distribution system shall pay the following rates per month:

	<u>FY 2024-25</u>	<u>FY 2025-26</u>
Water Supply Charge per 1,000 Gallons	\$ <b>8.36</b>	\$ <b>8.46</b>
Monthly Customer Delivery Charge	\$ <b>32.56</b>	\$ <b>34.05</b>
Monthly Infrastructure Reserve charge	\$ <b>13.33</b>	\$ <b>13.33</b>
<del>Monthly Debt Service Charge</del>	<del>\$ 6.03</del>	<del>\$ 0.00</del>
<b><u>Maintenance Reserve Charge</u></b>	<b>0.00</b>	<b>\$ 5.50</b>

Supply charges by the city water supplier will be based on actual billed charges to the City and will be determined on an annual basis.

Water Rate effective date shall be May 1, 2025.

**SECTION TWO:** This ordinance shall be in full force and effect upon its passage, approval. And publication in pamphlet form and posting as prescribed by law.

AYES: Cameron, Anderson, Morgan-Adams, Dash, Dolick

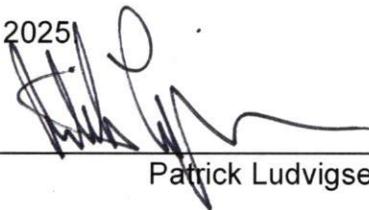
NAYS: None

ABSENT: None

PASSED this 15<sup>th</sup> day of April 15, 2025.

APPROVED this 15<sup>th</sup> day of April 15, 2025



  
Patrick Ludvigsen, Mayor

ATTEST:

  
City Clerk

Published in pamphlet form April 16<sup>th</sup>, 2025.



To: Mayor Pat Ludvigsen and Members of the City Council

From: Cheri Grieco, Finance Director

Date: March 20, 2025

Re: Ordinance O-25-05 Water Rate Increase

**Background:**

The City of Prospect Heights reviews water rates on an annual basis to ensure fees are in line with the costs incurred to deliver the service. Original water rates were based upon the Water Study conducted in 2012/2013 which have since then been adjusted for annual debt service, water costs, capital improvements and other operating costs. A review of Illinois American Water invoices show an increase of 6% for the first 8 months of FY25 (\$261k vs FY24 of \$246k) due mainly to increases in delivery charges.

**Analysis:**

Historically, we have included four component costs in the water rate calculation. Beginning with FY25, an additional component for maintenance reserve is added. This additional component will establish a reserve to provide for future major maintenance and replacement. Analysis of these components is as follows:

- Delivery – increased based on annual budgeted variable expenses included in the proposed FY26 budget. Those costs include Salaries/benefits, regular system maintenance and professional services. FY26 budgeted capital expenditures are not included this component.
- Infrastructure - based upon budget for current year depreciation.
- Maintenance Reserve – provides a savings mechanism for future and current system major repairs/replacement based on historical cost, not projected replacement cost.
- Debt Service – this component is for annual debt service requirements. Water Fund Debt Certificates were paid in full during FY25 and therefore the number for FY26 is zero.
- Water sales - based upon the water study rates and previous year’s consumption costs.

<u>Rate components:</u>		<u>FY2026</u>	<u>FY2025</u>	<u>FY2024</u>
Water Sales	per 1000 gals	8.46	8.36	6.51
Delivery	monthly	34.05	32.56	32.95
Infrastructure	monthly	13.33	13.33	12.31
Maintenance Reserve	monthly	5.50	-	-
Debt Service (FY25 done)	monthly	-	6.03	6.17
		<u>61.35</u>	<u>60.28</u>	<u>57.93</u>
	% increase	1.8%	4.1%	
	\$ increase	1.06	2.35	

**Recommendation:**

Based on the above analysis, Staff recommends the City’s water rate be increased to \$61.35 for FY25-26 effective May 1, 2025.