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Updated 5/6: Consultants tell village water, sewer rates need to rise

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Consultants hired by the village to study its water and sewer systems are recommending that officials increase rates over the next several years and eliminate a senior citizen discount in order to pay for what they said is a critical replacement program.

The recommendations are included in a report to the village presented to trustees at a special meeting Monday.

Besides passing on increases in the cost of water Morton Grove buys from Chicago, the village should impose a rate increase that includes an additional amount, about 3 percent a year, to provide funds for water and sewer line replacement, according to the report by Municipal and Financial Services Group.

What it will mean for residents and businesses is higher water and sewer rates.

The village board already has approved increases in the water rate of 15 percent for next year and 14 percent in 2010, figures that reflect the increase Chicago has already told the village it will charge for the purchase of water. The village always passes on that cost.

That will raise the rate for residential customers for water to \$5.89 in 2010. For years beyond that the consultants recommended a 3 percent a year hike on top of any increases from Chicago.

In the sewer fund they are recommending a 25 percent increase next year, 15 percent in 2010, 5 percent in 2011 and 3 percent the next two years.

The bill for an average customer who uses between 10,000 and 15,000 gallons of water every two months will increase about \$10 every two months.

A low end commercial customer using 250,000 gallons a month will pay about \$225 more a month next year while a commercial customer using 1 million gallons a month will pay about \$950 a month more.

The problem village officials say is that many of the water and sewer lines in the village will soon or already have reached the end of their useful life, generally considered 75 years for water mains and 100 years for sewer mains.

To demonstrate the problem, Village Administrator Joe Wade showed trustees a photo from the Morton Grove Historical Society of workers installing a water main on Dempster Street in 1914. That is the oldest line in the village and is slated for replacement in 2010.

"This was the year World War I broke out. Babe Ruth had just started his career with the Boston Red Sox," Wade said. "That puts it in context."

Revenue needed in the water fund next year is about \$4.8 million, climbing to \$6 million in 2013, according to the consultants.

Edward Donahue, a representative of Municipal and Financial Service Group, told trustees that the system will not need to be replaced all at once because it is reaching the end of its life, but that officials need to start doing something to start a replacement program.

"Everything doesn't fall apart when its useful life has run," Donahue said. "You've got to be ready."

According to the report the village over the coming years will need about \$30 million to replace water and sewer lines.

In addition to increasing rates the report recommends that the village eliminate a senior citizen discount given to all seniors, regardless of their financial need and that a connection or impact fee be established for new developments.

Seniors are eligible for a discount of 50 percent for up to 12,000 gallons of water per two-month cycle.

Donahue said it will be up to the board to decide whether to eliminate the senior discount, but that with it in place other water and sewer customers are paying more. Also, he said, not all seniors need the financial assistance it offers.

"It really is a policy decision," Donahue said. "It means everybody else is paying more. You have to take the role of Solomon and make that decision."

However, he said, the village could use a different program to help seniors who need financial assistance to pay their water and sewer bills. The village already has a financial assistance program for low-income residents that could be used for that.

"You certainly don't want to deprive people of water and sewer service," Donahue added.

David Hyder, manager of Municipal and Financial Service Group, said the connection fee would be for new developments or in some cases when a larger home was built on a site where a small house was demolished if the new one has a larger meter.

The idea, Hyder said, is for the fee to help cover and capital cost of providing water and sewer service to the home.

The proposed fees would depend on the size of meter connected to the building. In many cases, Hyder said, the fee would be paid by a developer.

They range from \$709 for a 5/8-inch pipe to \$56,743 for an 8-inch pipe that might be used by an industrial building.

All of the changes and increases will have to be decided by trustees, who did not take any action Monday. The issue is likely to come up again later this year when officials begin discussing the 2009 budget.

Hyder said the village should pay for needed improvements primarily with the sale of bonds beginning next year and continuing every two years.

"You need to start rebuilding the system," Donahue told trustees. "Eventually things are going to fall apart."



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