



Legislation Text

File #: 2017-381, **Version:** 1

Request for Public Hearing on the Proposed Non-contract Wholesale Water Service Charges for the City of Highland Park

Agenda of: September 13, 2017

Item No.: **2017-381**

Amount: N/A

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Sue F. McCormick
Chief Executive Officer
Great Lakes Water Authority

DATE: September 8, 2017

RE: **Request for Public Hearing on the Proposed Non-contract Wholesale Water Service Charges for the City of Highland Park**

MOTION

Upon recommendation of Sue F. McCormick, Chief Executive Officer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA)

- 1. Authorizes a public hearing on the proposed non-contract wholesale water service charges for the City of Highland Park, to be held on Wednesday, September 27, 2017, at 2:15 p.m., in the Board Room, 735 Randolph - 5th Floor;**
- 2. Directs that the attached Notice of Public Hearing be sent to the City of Highland Park via United States Postal Service Registered Mail; and**
3. Authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

On March 1, 2017 the GLWA Board of Directors held a public hearing for the proposed wholesale water and sewage

service charges for FY 2018. Absent in that schedule of charges were the charges for the City of Highland Park which is a non-contract customer. Although Highland Park has expressed an interest in becoming a model contract customer and forming a long-term relationship with GLWA, it remains in default of its payment obligations.

GLWA does not have the same public hearing notice requirement for non-contract customers as the wholesale customers on the model contract, but it has historically held them for non-contract customers.

JUSTIFICATION

Below is the calculation showing the recommended methodology for determining charges for the non-contract water customers. In determining the allocated share of the budget the FY 2017 fixed monthly charge and commodity charge are multiplied by the average Suburban Wholesale Charge Adjustment this year, which was 2.00% for FY 2018. This methodology is similar to the calculation that was made for the non-contract customers for FY 2016 and FY 2017.

<u>City of Highland Park</u>	
<u>Charges Effective September 1, 2017</u>	
Existing (FY 2017) Charges	
(1) Fixed Monthly Charge	\$62,600
(2) Commodity Charge (per Mcf)	\$4.56
(3) Projected FY Sales Volume (Mcf)	110,000 <i>Estimated Based on Hist</i>
(4) Projected FY 2017 Revenue Under Existing Charges	$252,800 * (3)$
(5) Effective Unit Cost (Per Mcf)	$\$11.39 / (3)$
(6) Proposed Index Adjustment	2.00% <i>avg. Impact on Customer</i>
Proposed (FY 2018) Charges	
(7) Fixed Monthly Charge	$\$63,900 * [1 + (6)]$
(8) Commodity Charge (per Mcf)	$\$4.56 * [1 + (6)]$
(9) Projected FY Sales Volume (Mcf)	110,000 <i>Estimated Based on Hist</i>
(10) Projected FY 2018 Revenue Under Proposed Charges	$268,400 * (9)$
(11) Effective Unit Cost (Per Mcf)	$\$11.701 * (8)$

BUDGET IMPACT

The proposed wholesale water service charges would generate an anticipated \$1,268,400 for FY 2018 for the City of Highland Park, based on projected sales volumes.

COMMITTEE REVIEW

The Audit Committee unanimously recommended that the Great Lakes Water Authority Board hold a public hearing on the proposed non-contract wholesale water service charges for the City of Highland Park on September 27, 2017, (see attached notice of Public Hearing) and that the attached Notice of

Public Hearing be sent to Highland Park via U.S. Registered Mail.

SHARED SERVICES IMPACT

This item does not directly impact the shared services agreement between GLWA and DWSD.