
THE VILLAGE OF TINLEY PARK

Cook County, Illinois

Will County, Illinois

RESOLUTION NO. 2021-R-103

**A RESOLUTION AUTHORIZING A CONTRACT BETWEEN THE
VILLAGE OF TINLEY PARK AND CHRISTOPHER B. BURKE ENGINEERING, LTD.
FOR THE 2021 WATER RATE STUDY**

**MICHAEL W. GLOTZ, PRESIDENT
KRISTIN A. THIRION, VILLAGE CLERK**

**WILLIAM P. BRADY
WILLIAM A. BRENNAN
DIANE M. GALANTE
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COLLEEN M. SULLIVAN
Board of Trustees**

RESOLUTION NO. 2021-R-103

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THE 2021 WATER RATE STUDY**

WHEREAS, the Village of Tinley Park, Cook and Will Counties, Illinois, is a Home Rule Unit pursuant to the Illinois Constitution of 1970; and

WHEREAS, the Corporate Authorities of the Village of Tinley Park, Cook and Will Counties, Illinois, have considered entering into a Contract with Christopher B. Burke Engineering, LTD, a true and correct copy of such Contract being attached hereto and made a part hereof as **EXHIBIT 1**; and

WHEREAS, the Corporate Authorities of the Village of Tinley Park, Cook and Will Counties, Illinois, have determined that it is in the best interests of said Village of Tinley Park that said Contract be entered into by the Village of Tinley Park;

NOW, THEREFORE, Be It Resolved by the President and Board of Trustees of the Village of Tinley Park, Cook and Will Counties, Illinois, as follows:

Section 1: The Preambles hereto are hereby made a part of, and operative provisions of, this Resolution as fully as if completely repeated at length herein.

Section 2: That this President and Board of Trustees of the Village of Tinley Park hereby find that it is in the best interests of the Village of Tinley Park and its residents that the aforesaid "Contract" be entered into and executed by said Village of Tinley Park, with said Contract to be substantially in the form attached hereto and made a part hereof as **EXHIBIT 1**.

Section 3: That the President and Clerk of the Village of Tinley Park, Cook and Will Counties, Illinois are hereby authorized to execute for and on behalf of said Village of Tinley Park the aforesaid Contract.

Section 4: That this Resolution shall take effect from and after its adoption and approval.


ADOPTED this 7th day of December, 2021, by the Corporate Authorities of the Village of Tinley Park on a roll call vote as follows:

AYES: Brady, Brennan, Galante, Mahoney, Mueller, Sullivan

NAYS: None

ABSENT: None

APPROVED this 7th day of December, 2021, by the President of the Village of Tinley Park.


Village President

ATTEST:

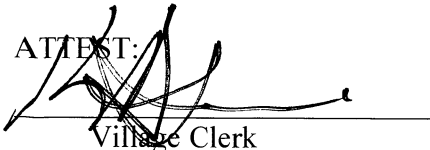
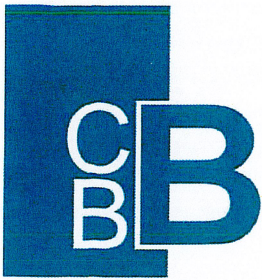

Village Clerk

EXHIBIT 1

**A CONTRACT BETWEEN THE VILLAGE OF
TINLEY PARK AND CHRISTOPHER B. BURKE
ENGINEERING, LTD. FOR
THE 2021 WATER RATE STUDY**



CHRISTOPHER B. BURKE ENGINEERING, LTD.

9575 West Higgins Road Suite 600 Rosemont, Illinois 60018 TEL (847) 823-0500 FAX (847) 823-0520

October 25, 2021

Village of Tinley Park
16250 South Oak Park Avenue
Tinley Park, IL 60477

Attention: Mr. John Urbanski, Public Works Director

Subject: Proposal for Professional Engineering Services
Water Rate Study
Village of Tinley Park

Dear Mr. Urbanski:

As requested, Christopher B. Burke Engineering, Ltd. (CBBEL) is pleased to submit this proposal for providing professional engineering services for preparation of a Water Rate Study. Below is our Understanding of the Assignment, Scope of Services and Estimate of Fee.

UNDERSTANDING OF THE ASSIGNMENT

CBBEL understands that the Village of Tinley Park is seeking the services of a qualified and experienced engineering consultant to perform a Comprehensive Water Rate Study.

The Water Rate Study will be performed to meet the following major objectives:

- Recommend fair and equitable water rate structures that are based on a cost of service analysis and designed to fund estimated operating and capital expenditures over the next five years while maintaining adequate cash balances.
- Provide at least 3 recommended rate alternatives that are based on standard rate practices that will provide for current and future costs of providing water service in accordance with established and anticipated standards and regulations and which equitably distribute costs to residential, commercial and industrial customers.
- Provide a comparison of water rates and utility system costs against similar nearby municipalities (5 minimum).
- The Village of Tinley Park has several water/sewer rates based on where the property is located: Frankfort Township; Will County Service Area; Cook County MWRD Service Area; Cook County Out of MWRD Service Area; IL American Water Service Area. CBBEL will include the various service areas into the proposed water rate structure.

CBBEL will set up a kickoff and scoping meeting with the Village to discuss various types of rate structures, collect and discuss available study data and requirements, and if necessary, refine scope of services and the methodology for performing the study. The historic revenues and expenses will be reviewed and parameters for projecting future revenues and expenses will be established. A spreadsheet-based rate model will be prepared and used to establish the recommended water rate design for the 5-year period. The rate model will also incorporate features so that it can be used to evaluate alternative rate designs and structures as well as various funding options. Meetings will be held with Village staff as necessary throughout the study to discuss project information and status of current and future projects.

Based on CBBEL's overall approach to the study, the proposed Rate Study will be performed to include the following major tasks:

1. Project Kickoff and Scoping Meeting
2. Review Historic Revenues and Expenses
3. Establish Basis for Projected Revenues and Expenses
4. Prepare a Rate Model and Establish Rate Design
5. Evaluate Alternative Rate Designs
6. Prepare Draft and Final Report
7. Meetings and Presentations

The Scope of Services is described in more detail under the seven identified tasks that follow.

SCOPE OF SERVICES

Task 1 – Project Kickoff and Scoping Meeting

CBBEL will set up a kickoff meeting with the Village to discuss and clearly establish the goals and objectives for this project. The methodology to be used in performing the evaluations will be presented and discussed along with the schedule to complete the study. CBBEL will refine the scope of services if necessary, in accordance with the meeting discussions and submit a revised task list for review and approval by the Village. Key elements of the kickoff and scoping meeting will include the following:

- Discuss project requirements and criteria, and methodology to perform the evaluations
- Collect and discuss available project information and data
- Present brief description of various rate structures commonly used by municipalities
- Discuss the rate model to be prepared and used for this project
- Establish the expected outcomes for the various tasks and schedule for completion

An important element of this meeting is the collection and discussion of available data and the financial, operating and budgeting information that is relevant for the rate study. It is expected that the bulk of the data and information will be available at this initial meeting, however, follow up meetings with appropriate Village staff may be necessary for collection

and discussion of additional data. The anticipated data and information to be collected is as follows:

1. Previous Rate Study Reports
2. Annual Financial Reports
3. Rate Ordinance and Current Rates and Fees
4. Water Consumption by User Type
5. Usage and Billing Data
6. New Customer Projections (Anticipated Future Growth and Development)
7. IDNR Water Audits (Other Available Info on Water Losses)
8. Operating Statements of the Utilities Fund
9. Detailed Revenue and Expense Tabulations (that provide breakdowns for the various categories of revenues and expenses)
10. Budget Worksheets
11. Capital Improvement Plan (CIP), if available
12. Debt Service Requirements (Current and Proposed)

In general, the last 3 to 5 years of historic data if available for such items as revenues and expenses, and water consumption and billings, etc. would be useful for the study.

Task 2 – Review Historic Revenues and Expenses

CBBEL will compile the data and information collected in Task 1. A thorough review and analysis of all the historic revenue and expense data will be performed. The data will be summarized and assessed to analyze trends (percentage increases/decreases) that may be used to make future projections of revenue and expenses. Customer usage and billing data will be assessed to establish usage by the various customer classes; residential, commercial and industrial. This information will be necessary to evaluate rate structure changes. The Village's cash balance and funding requirements of the Utilities Fund and other specific accounts will be reviewed and assessed. If necessary, this task will also include a review and assessment of the tap-on/connection fees charged to new customers or for additional service connections. Recommendations regarding any suggested changes in funding requirements, connection fees or other related items will be presented and discussed with Village staff.

Task 3 – Establish Basis for Projected Revenues and Expenses

This task will provide the basis for making the revenue and expense projections over the 5-year financial planning period. Where specific information is not available to incorporate into the projections, the general trends in revenues and expenses as determined in Task 2 will be used.

The major components of revenue will include revenue from water sales, miscellaneous operating revenue, miscellaneous non-operating revenue and interest income. The revenue generated by such sources as the tap-on/connection fees, late fees and penalties will be included in these major components of revenue. Subcomponents of these revenue sources will be broken out and identified separately if the bases of these revenue sources are projected to change within the five-year projection period (i.e. change in customer base). Projected or potential changes in the customer base, such as the addition of new residential

developments or new commercial/industrial developments, that will have a significant effect on water delivery will be discussed with the Village and incorporated into the analysis if necessary.

The major components of expenses will include the Village operation and maintenance expenses, bulk water purchases, MWRD wastewater treatment charges, capital requirements, debt service requirements, funding and margin requirements. The Village's CIP will be reviewed and discussed with Village staff so that appropriate expense allocations can be incorporated into the financial plan. Existing and/or proposed funding of a capital reserve fund to finance the future rehabilitation/replacement of old and deteriorated facilities will be discussed and accounted for. Existing and proposed debt service requirements will be identified and incorporated into the financial plan. Debt service coverage requirements and other margin requirements will be discussed with the Village and incorporated into the financial plan.

Task 4 – Prepare a Rate Model and Establish Baseline Rate Design

CBBEL will prepare a rate model using an EXCEL spreadsheet format. The spreadsheet will be a custom document that incorporates the revenue and expense data and features that will facilitate the calculations to evaluate existing water rates, alternative rate structures and financing options.

CBBEL will use the rate model to establish a five-year forecast of the Financial Plan. The goal of the financial plan is to allow for the generation of adequate revenues to cover the projected operating and capital costs while maintaining sufficient cash balances, capital reserves and margin requirements. The first step in the evaluation is to determine the adequacy of projected revenue provided by existing rates to meet projected expenses. An assessment of various rate adjustments (if necessary) will be made to demonstrate that projected revenue will meet projected expenses considering adequate cash balances, various funding requirements and that bond coverage reserve funds are maintained. Potential rate adjustments will consider level and escalating rates over the 5-year period.

The financial plan will identify the overall change in revenue required to provide for adequate funding for major capital improvement programs (CIP), to meet all recurring annual operating and capital expenditures, to cover all debt service requirements, and to maintain sufficient cash balances and capital reserves. The preliminary financial plan will be provided to the Village for assessment of estimated impacts on the cash flow of the utility. Based on the Village's assessment, appropriate revisions to the forecast assumptions will be discussed and incorporated into the final five-year financial plan. Extrapolation of the financial plan beyond the 5-year period can be accommodated if desired by the Village.

Task 5 – Evaluate Alternative Rate Designs

The rate model developed under Task 4 will also be used to evaluate alternative rate structures and financing options. The alternative rate structures to be evaluated will include the following:

- Establishment of separate classification rates for residential, commercial and industrial customers

- Establishment of a fixed customer charge (alternative to a minimum charge)

The rate model will also be developed to facilitate the evaluation of financing options for planned capital projects including financing with cash or through additional debt service.

Task 6 – Prepare Draft and Final Report

A draft report will be prepared and submitted to the Village for review and comment. The draft report will include a brief description of study methodology, summary of basic data used in the study, description of the rate model developed for the study, and alternative rate structures that were evaluated. The report will contain the study conclusions and recommendations. An executive summary will also be provided to briefly summarize the study conclusions and recommendations. The final report will incorporate any comments received from the Village.

Task 7 – Meetings and Presentations

In addition to the kickoff meeting, the Scope of Services includes one other formal meeting (evening) to present the rate study to the Village Board. Also, it is anticipated that during the course of the study as information is received and reviewed there may be the need for follow-up meetings with appropriate Village staff to discuss and clarify the materials to be used in the study. Additional meetings with Village staff may also be needed to review study progress and preliminary results as the study progresses. These meetings would be performed as part of the work effort under the appropriate tasks identified for this study.

ESTIMATE OF FEE

TASK	FEE
Task 1 – Project Kickoff and Scoping Meeting	\$1,500
Task 2 – Review Historic Revenues and Expenses	\$3,500
Task 3 – Establish Basis for Projected Revenues and Expenses	\$5,000
Task 4 – Prepare a Rate Model and Establish Baseline Rate Design	\$9,000
Task 5 – Evaluate Alternative Rate Designs	\$5,000
Task 6 – Prepare Draft and Final Report	\$6,000
Task 7 – Meetings and Presentations	\$1,500
Direct Costs	\$500
TOTAL	\$32,000

We will bill you at the hourly rates specified on the attached Schedule of Charges and establish our contract in accordance with the Agreement for Professional Services between the Village of Tinley Park and CBBEL that is already on file. Please note that any requested meetings or additional services are not included in the preceding estimate and will be billed at the attached hourly rates.

Please sign and return one copy of this agreement as an indication of acceptance and notice to proceed. Please feel free to contact us anytime.

Sincerely,



Michael E. Kerr, PE
President

JPC/pjb

Encl. Tinley Park Schedule of Charges

THIS PROPOSAL AND SCHEDULE OF CHARGES ACCEPTED FOR VILLAGE OF
TINLEY PARK:

BY: Michael W. Stoz

TITLE: Village President

DATE: December 7, 2021

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**These rates may be modified annually after the first of the year
with the approval of both CBBEL and the Village of Tinley Park**

CHRISTOPHER B. BURKE ENGINEERING, LTD.

Village of Tinley Park Rates

EFFECTIVE 07/01/17

	Village Rate
PRINCIPAL	\$200.00
ENGINEER VI	\$184.00
ENGINEER V	\$161.00
ENGINEER IV	\$134.00
ENGINEER III	\$112.00
ENGINEER I/II	\$81.00
SURVEY III (PLS)	\$135.00
SURVEY II (CREW CHIEF)	\$101.00
SURVEY I (CREW MEMBER)	\$79.00
ENGINEERING TECHNICIAN III/IV	\$116.00
ENGINEERING TECHNICIAN I/II	\$96.00
CAD MANAGER	\$127.00
CAD II	\$116.00
LANDSCAPE ARCHITECT	\$134.00
GIS SPECIALIST III	\$116.00
GIS SPECIALIST I/II	\$71.00
ENVIRONMENTAL RESOURCE SPECIALIST V	\$182.00
ENVIRONMENTAL RESOURCE SPECIALIST IV	\$139.00
ENVIRONMENTAL RESOURCE SPECIALIST III	\$105.00
ENVIRONMENTAL RESOURCE SPECIALIST I/II	\$70.00
ENVIRONMENTAL RESOURCE TECHNICIAN	\$93.00
ADMINISTRATIVE	\$83.00
ENGINEERING INTERN	\$34.00

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with the approval of both CBBEL and the Village of Tinley Park**

STATE OF ILLINOIS)
COUNTY OF COOK) SS
COUNTY OF WILL)

CERTIFICATE

I, KRISTIN A. THIRION, Village Clerk of the Village of Tinley Park, Counties of Cook and Will and State of Illinois, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. 2021-R-103, "A RESOLUTION AUTHORIZING A CONTRACT BETWEEN THE VILLAGE OF TINLEY PARK AND CHRISTOPHER B. BURKE ENGINEERING, LTD. FOR THE 2021 WATER RATE STUDY," which was adopted by the President and Board of Trustees of the Village of Tinley Park on December 7, 2021.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the Village of Tinley Park this 7th day of December, 2021.



VILLAGE CLERK