



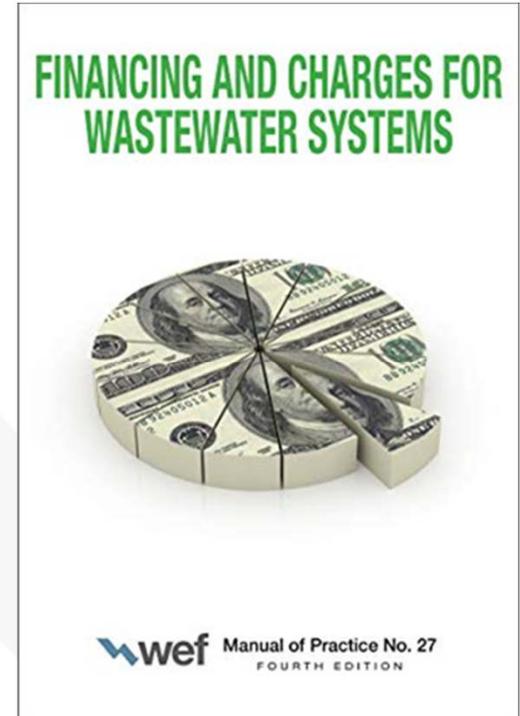
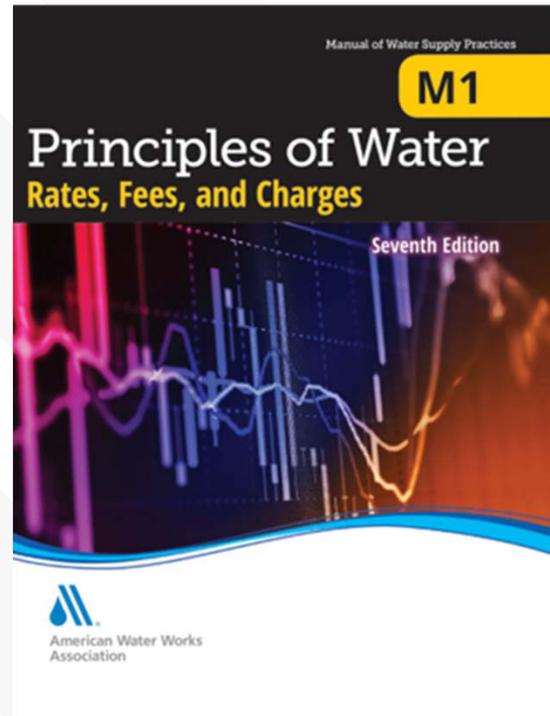
Water & Sewer Financial Plan and Rate Update

City of Crest Hill, Illinois

November 27, 2023

Agenda

- ▶ Background Information
- ▶ Study Approach & Analysis
- ▶ Rates & Bill Impact
- ▶ Questions / Answers



Background Information

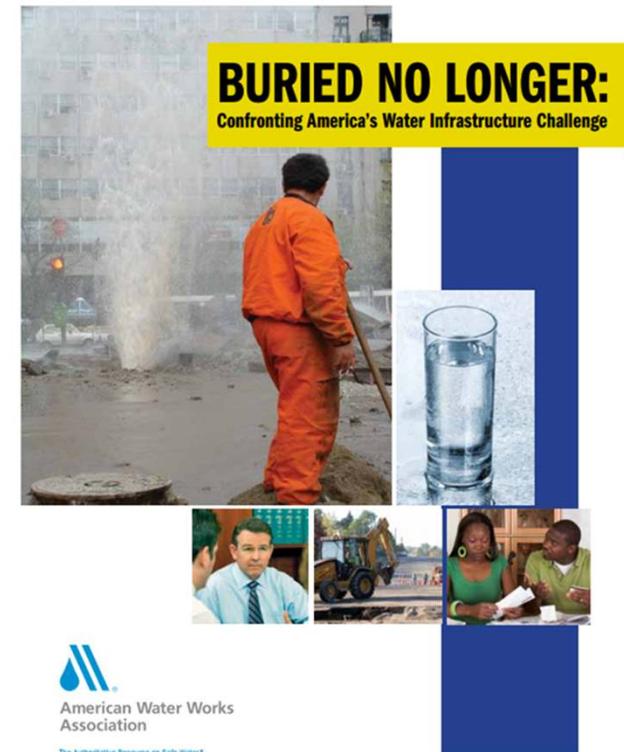
Nationally, Water & Sewer Utility Rate Increases are Outpacing Inflation

Survey or Publication	Period	Historical Increase per Year
Water and Sewer Index, BLS	2000 - 2022	4.7%
AWWA Rate Survey - Water	1996-2018	5.1%
AWWA Rate Survey - Sewer	1996-2018	5.6%
NACWA Cost of Clean Water	1985 - 2022	4.7%
CPI-U - General Inflation	2000 - 2022	2.4%

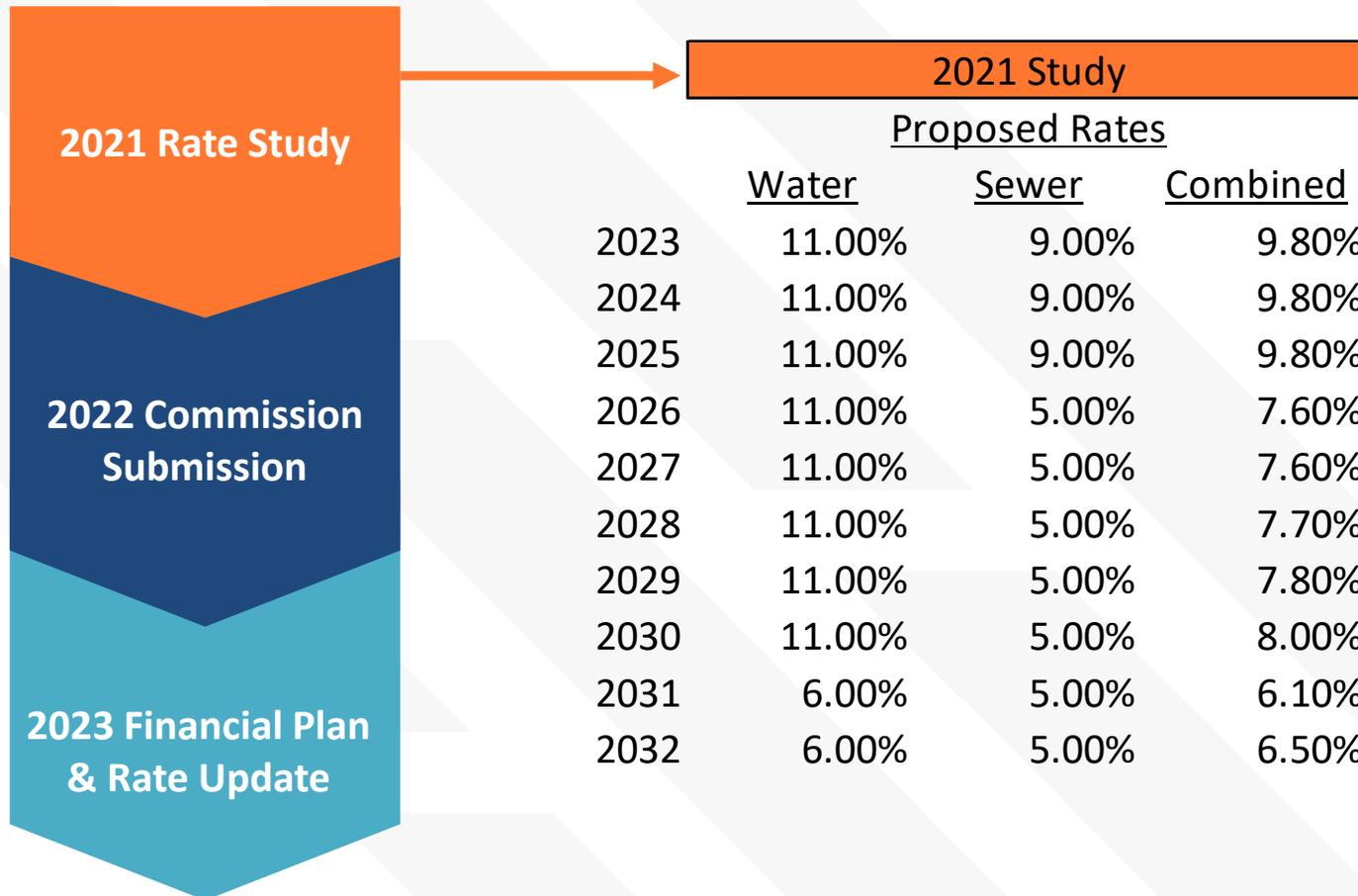
- ▶ Despite these national average increases, funding remains a challenge

Historically Common Factors Contributing to Utility Rates Increases

- ▶ General trend in lower use per account can pressure variable revenue streams
- ▶ Inflation on operating and capital/construction costs
- ▶ More stringent water quality regulations
- ▶ Aging infrastructure requires renewal and replacement

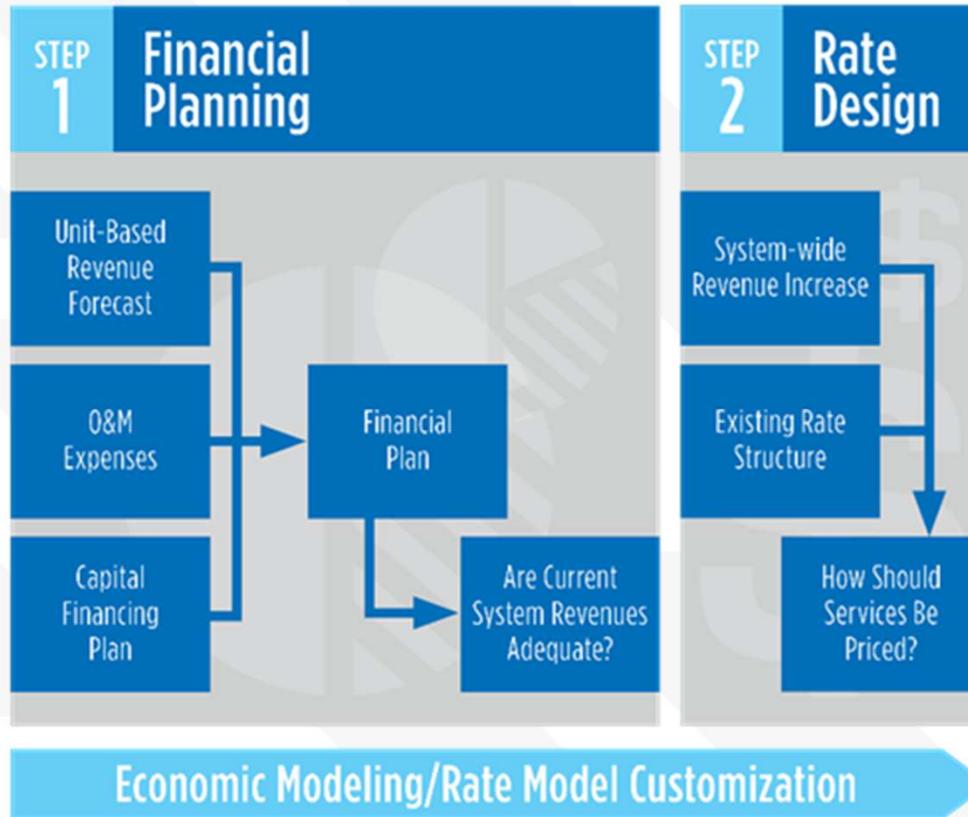


Crest Hill Rate Studies Involving Alternative Water Supply



Study Approach & Analysis

2023 Financial Plan & Rate Study Process



Financial Planning Guiding Principles

- ▶ Evaluate water and sewer as self-sufficient utilities
- ▶ Levelized rate increases
- ▶ Sustain a minimum of 90 days of operation and maintenance expense in reserve
- ▶ Prudent use of debt to fund capital plans
- ▶ Target debt service coverage of 1.50x or higher over time as a combined utility (Minimum of 1.25x)



Proposed Rate Adjustments & Key Changes

2023 Study

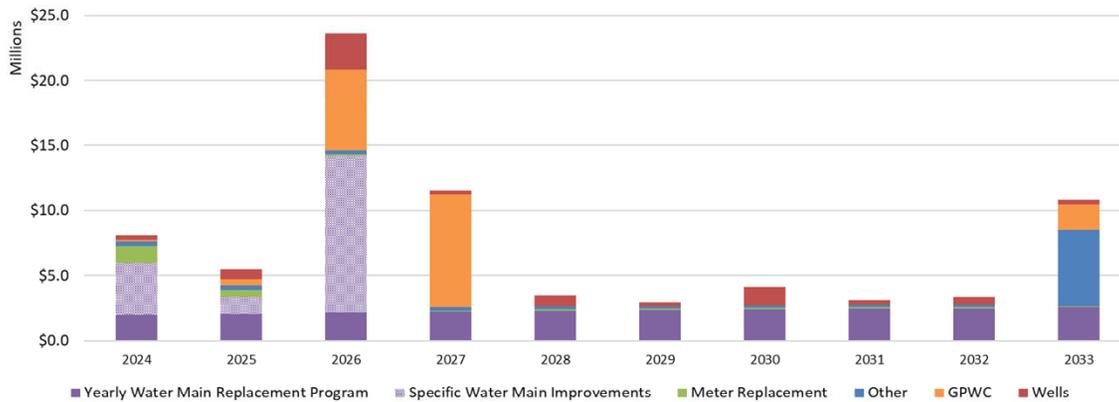
Water Sewer Combined

		<u>Water</u>	<u>Sewer</u>	<u>Combined</u>
Proposed	2025	23.00%	10.00%	15.50%
	2026	23.00%	10.00%	15.90%
	2027	23.00%	10.00%	16.30%
	2028	23.00%	5.00%	14.20%
	2029	21.00%	5.00%	13.80%
Estimated	2030	12.00%	5.00%	9.10%
	2031	7.00%	5.00%	6.20%
	2032	6.00%	5.00%	5.60%
	2033	6.00%	5.00%	5.60%

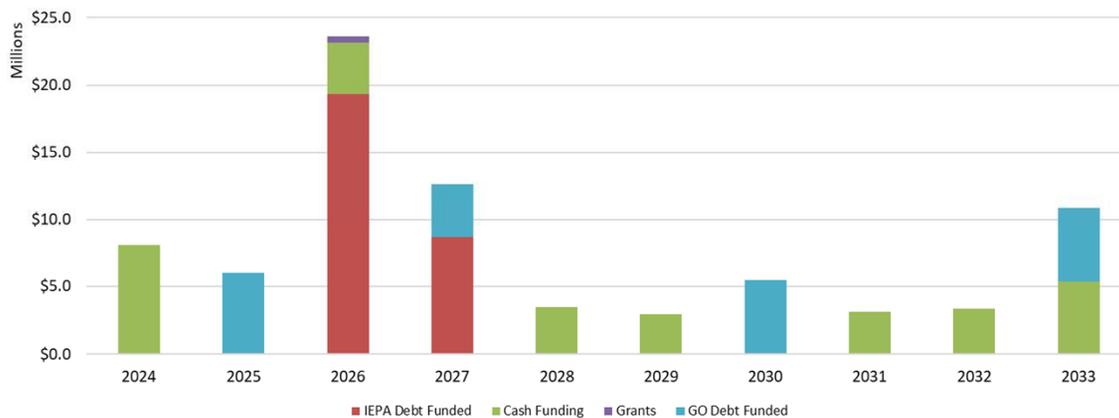
- ▶ More cautious revenue forecasting
- ▶ Increased operating costs:
 - Inflation on Crest Hill O&M
 - GPWC costs have increased
- ▶ Increased capital improvements

Water Capital Program and Funding Strategy

Capital Costs by Major Category



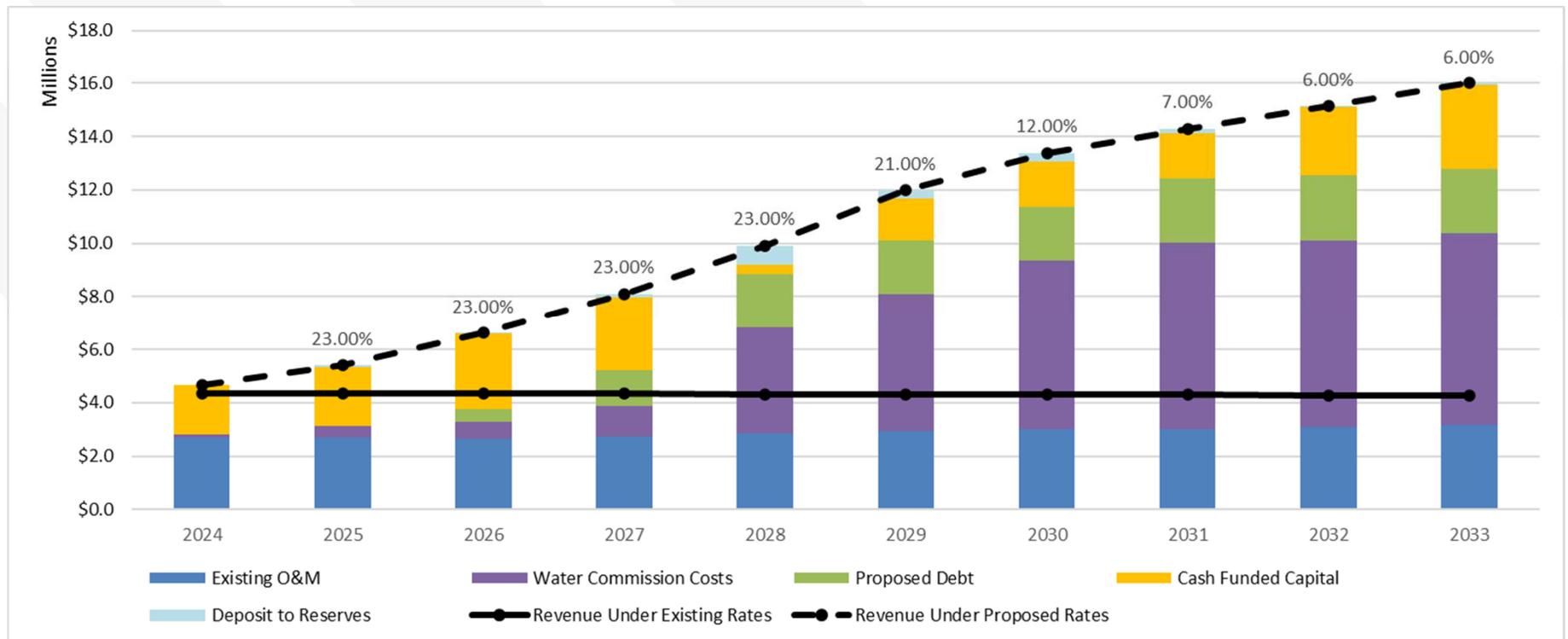
Capital Funding Sources



- ▶ Key projects and programs
 - WM/Valve/Hydrant programs \$23.2M
 - Specific WM projects \$17.3M
 - GPWC improvements \$17.5M
 - Wells \$7.9M
 - Meters \$2.6M
 - All Other \$8.1M

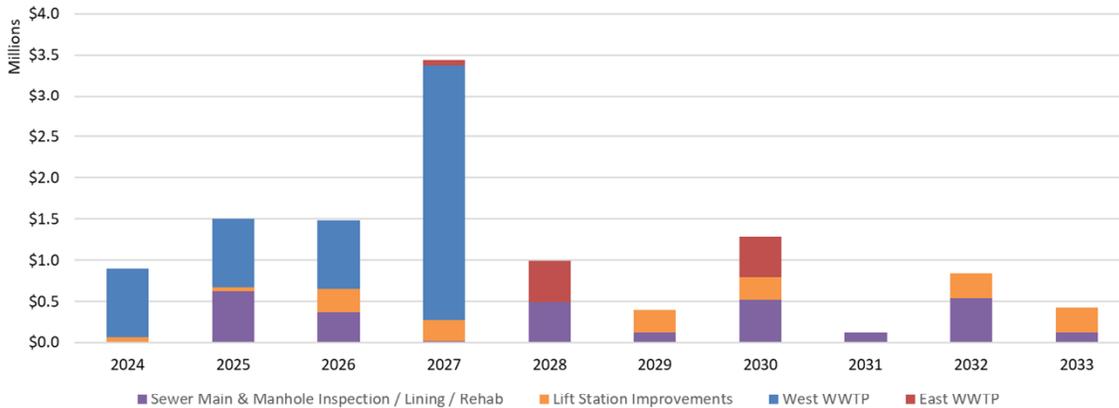
- ▶ Capital project funding comprised of about 38% cash and 62% new debt issuance
 - 3 IEPA loans targeting 3 projects
 - 4 general obligation issues, with the first in 2025
 - Other forms of debt may be possible, including IEPA

Summary of Proposed Water Financial Plan

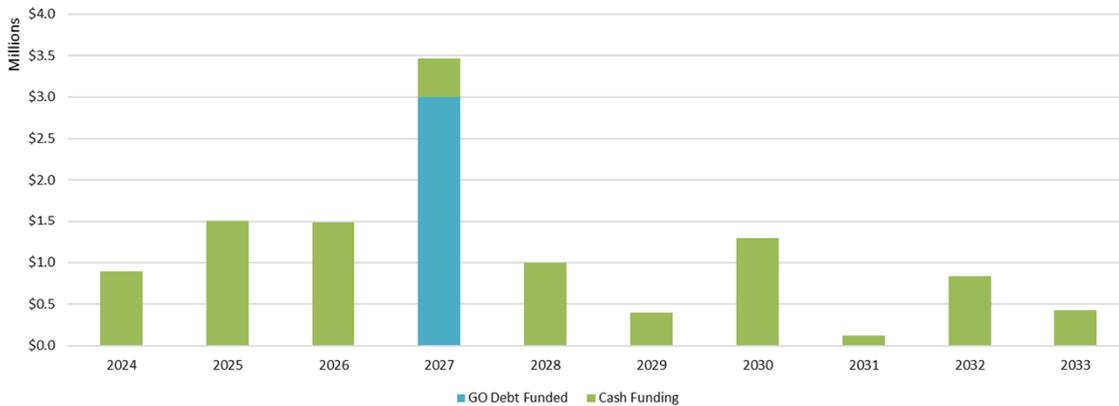


Sewer Capital Program and Funding Strategy

Capital Costs by Major Category



Capital Funding Sources



- ▶ Note: East (\$5.1M) & West (\$49.5M) treatment plant projects are funded by in-process IEPA loans that are not reflected in this slide

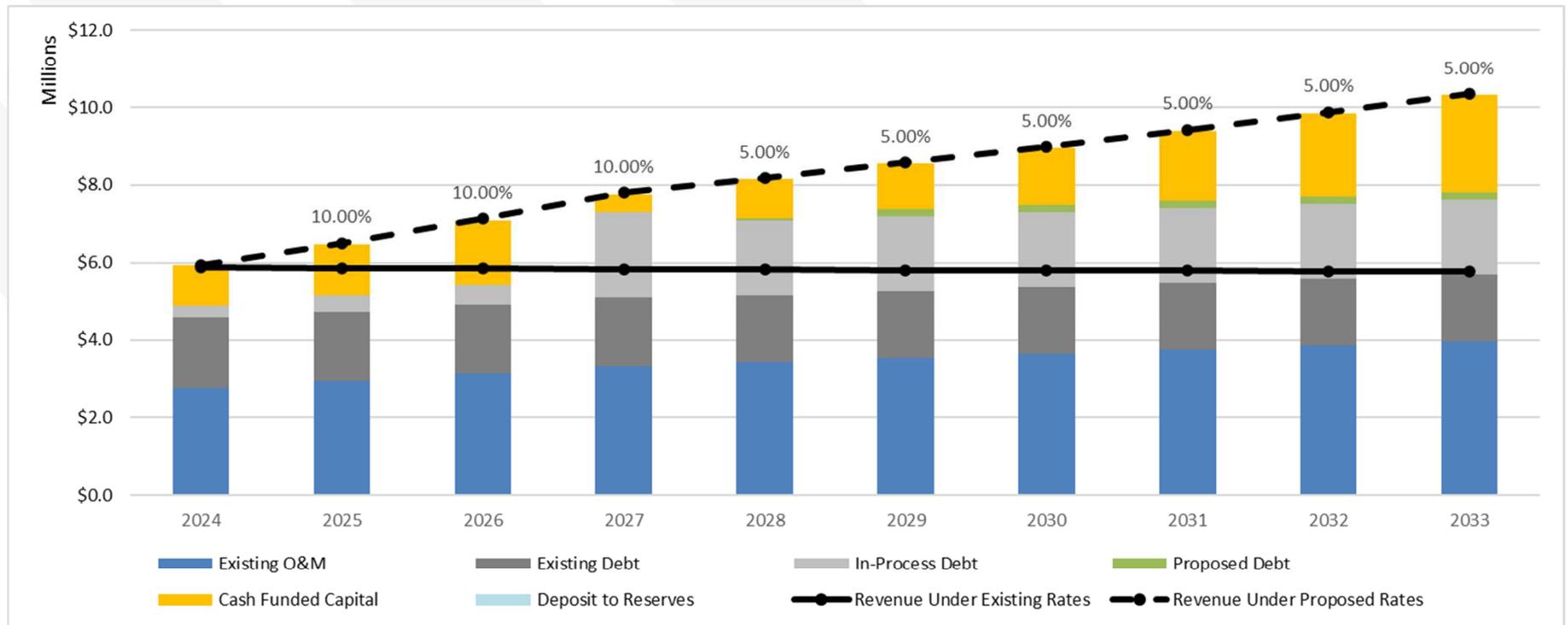
- Loan payments are included in cashflow

▶ Key Projects:

- Construction engineering & gap funding for West WWTP \$5.6M
- East condition assessment and upgrades \$1.1M
- Lift station rehabilitation \$1.8M
- Sewer & manhole inspection, lining & rehab or repair \$2.9M

- ▶ Funding strategy includes additional debt in 2027 to meet peak funding need

Summary of Proposed Sewer Financial Plan



Rates & Bill Impact

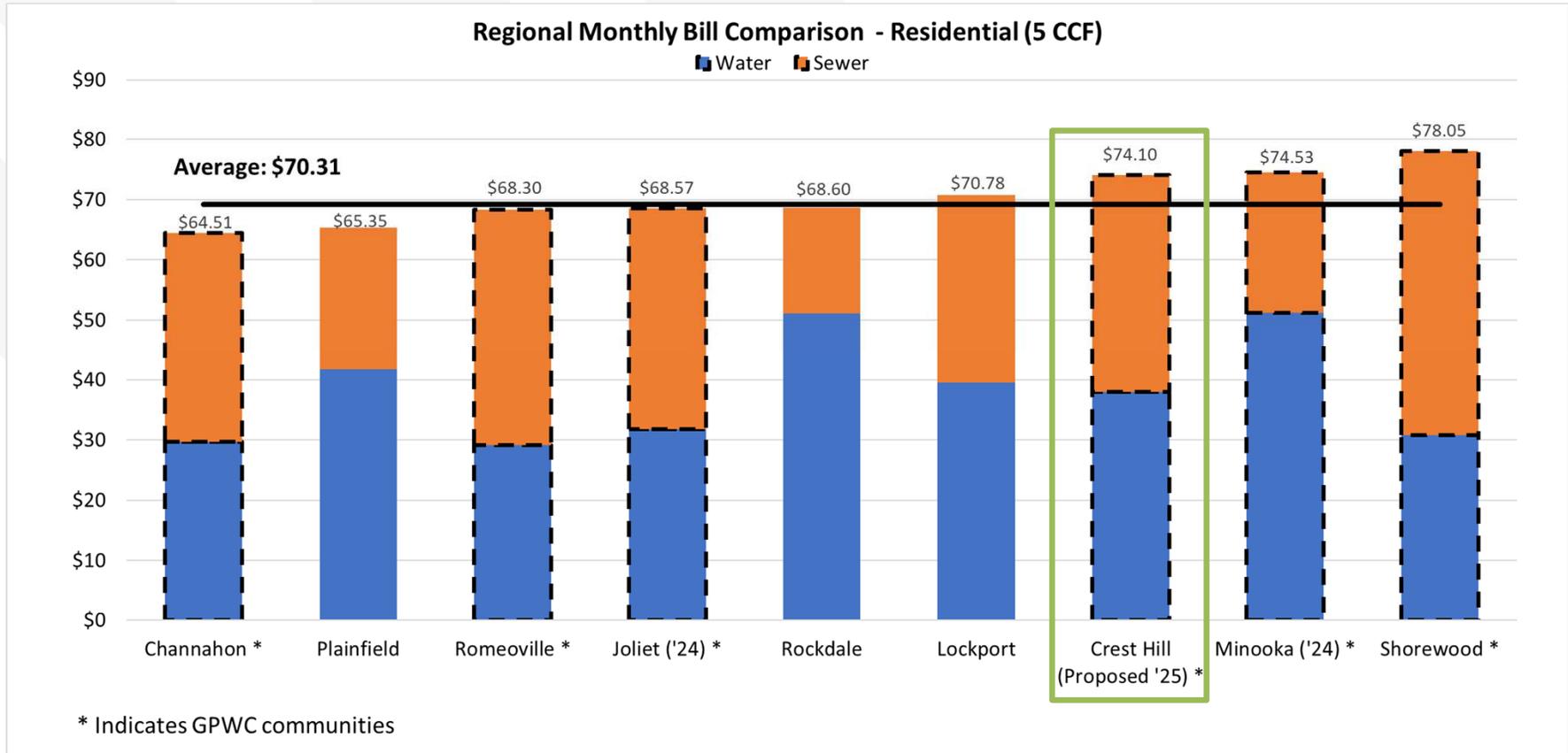
Existing and Proposed Rates

Line No.	Description	Existing	Proposed				
		2024	2025	2026	2027	2028	2029
Water Rates							
<u>Water User Charges</u>							
1	Base Charge (1st 400 cubic Ft.)	\$ 28.30	\$ 34.81	\$ 42.82	\$ 52.67	\$ 64.78	\$ 78.38
2	Each Additional Hundred Cubic Ft.	\$ 5.57	\$ 6.85	\$ 8.43	\$ 10.36	\$ 12.75	\$ 15.42
<u>Stateville - Water</u>							
3	Base Charge (1st 400 cubic Ft.)	\$ 14.16	\$ 17.41	\$ 21.42	\$ 26.34	\$ 32.40	\$ 39.21
4	Each Additional Hundred Cubic Ft.	\$ 5.57	\$ 6.85	\$ 8.43	\$ 10.36	\$ 12.75	\$ 15.42
Sewer Rates							
<u>Sewer User Charge</u>							
5	Base Charge (1st 400 cubic Ft.)	\$ 27.29	\$ 30.02	\$ 33.02	\$ 36.32	\$ 38.14	\$ 40.05
6	Each Additional Hundred Cubic Ft.	\$ 6.40	\$ 7.04	\$ 7.75	\$ 8.52	\$ 8.95	\$ 9.40
<u>Stateville - Sewer</u>							
7	Base Charge (1st 400 cubic Ft.)	\$ 13.65	\$ 15.02	\$ 16.52	\$ 18.17	\$ 19.08	\$ 20.03
8	Each Additional Hundred Cubic Ft.	\$ 9.59	\$ 10.55	\$ 11.60	\$ 12.76	\$ 13.40	\$ 14.07
<u>Unmetered Customer User Charge</u>							
9	Residential Base Charge	\$ 78.50	\$ 86.35	\$ 94.98	\$ 104.48	\$ 109.70	\$ 115.19
10	Commercial Base Charge	\$ 129.68	\$ 142.65	\$ 156.91	\$ 172.61	\$ 181.24	\$ 190.30

Customer Bill Impact

		Monthly Bill at 500 Cubic Feet					
Line No.	Description	Existing 2024 Rates	Proposed 2025 Rates	Proposed 2026 Rates	Proposed 2027 Rates	Proposed 2028 Rates	Proposed 2029 Rates
		\$	\$	\$	\$	\$	\$
<u>Water Bills</u>							
1	Residential	\$ 30.86	\$ 37.96	\$ 46.68	\$ 57.42	\$ 70.63	\$ 85.46
2	Change (\$)		\$ 7.10	\$ 8.73	\$ 10.74	\$ 13.21	\$ 14.83
3	Change (%)		23%	23%	23%	23%	21%
<u>Sewer Bills</u>							
3	Residential	\$ 32.86	\$ 36.14	\$ 39.76	\$ 43.73	\$ 45.92	\$ 48.22
4	Change (\$)		\$ 3.29	\$ 3.61	\$ 3.98	\$ 2.19	\$ 2.30
5	Change (%)		10%	10%	10%	5%	5%
<u>Combined Bills</u>							
5	Residential	\$ 63.71	\$ 74.10	\$ 86.44	\$ 101.16	\$ 116.55	\$ 133.68
6	Change (\$)		\$ 10.38	\$ 12.34	\$ 14.71	\$ 15.39	\$ 17.13
7	Change (%)		16%	17%	17%	15%	15%

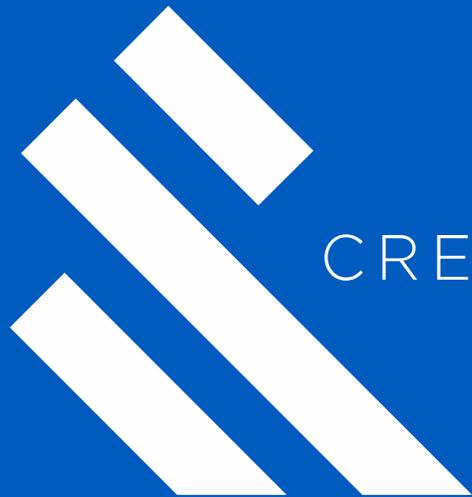
Proposed 2025 Bill Comparable to Regional Peers



Summary of Study Findings and Recommendations

- ▶ Inflation on operating expenses and capital improvements are impacting Crest Hill's utility cost structure
- ▶ Propose adopting a five-year rate plan to meet funding requirements for both utilities
- ▶ Recommend re-evaluating long-term financial plans during annual budget preparation

QUESTIONS / DISCUSSION



CREATE AMAZING.