

Water System Improvement Projects

City of Washington,
IL

Committee of the Whole

April 7, 2025



November 11th Council Meeting Presentation Recap



Existing potable water infrastructure evaluated, and list of recommended improvements developed



City staff and council member weigh-in on prioritization of improvements and funding source per project



Raftelis Rate Study
&
IEPA Project Planning Report

Overview of Recommended Improvements

Construction Beginning 2026	Water Tower #3 & Cummings Lane Watermain (\$5.3M) Well #13 (\$1.5M)
Construction Beginning 2029	Route 24 Watermain (\$10.7M)
Multiple Projects Constructed on Yearly Basis	Southeast Area Watermain Improvements (\$8.9M) Sunnyland Water Service Redundancy (\$900,000) Bondurant Street Watermain Replacement (\$400,000) Misc. Treatment Plant Maintenance (\$100,000 Yearly)



City of **Washington**

Water Rate Study

April 7, 2025



Rate Study Process

- **Financial Plan:** How much revenue is needed overall?
- **Rate Design:** What is the best way to recover that revenue from different types of customers?



Financial Plan

Process

Time Horizon – FY 2025 to FY 2032

1. Project Revenues
2. Operating Costs
3. Capital Financing Plan
4. Revenue Adjustments for Financial Sustainability

Current Rates and Ordinance

Current Structure

Two fixed charges and a volumetric charge.

Discounts

Senior residents receive a 10% discount. Low-income residents receive an 18% discount.

Rate	Fee	
Infrastructure Fee	\$17.46	Per month
Technology Fee	\$3.85 or \$5.50	Per month
Volume Charge	\$5.47	Per 1,000 gallons

Current Rates and Ordinance

Automatic Increases	Rate ordinance includes automatic rate increase each year. Greater of 2.5% or Water/Sewer/Trash CPI component.
Water/Sewer/Trash CPI	Water/Sewer/Trash CPI component has increased about 5% the last two years. Estimated to increase at 4% in the future.
FY 2026 Proposed Rates	The proposed rates are instead of the automatic CPI increase that would be 5.2%.

Capital Financing Plan



Well 13 and Water Tower 3

\$6.8 million
IEPA loan in
2026.



Route 24 Watermain Relocation

\$10.7 million
G.O. bond in
2029.



Ongoing Watermain Repairs

\$550 thousand
per year.



Ongoing Treatment Plant Maintenance

\$100 thousand per
year.

Proposed Rates

Status Quo

An automatic rate increase this year would be **5.2%**.

FY 2026 Proposal

Instead of the automatic adjustment, increase rates for most customers by **9%**.

Fixed Charge by Meter Size

Charge a higher monthly Infrastructure Fee to customers with a larger water meter.

Proposed Infrastructure Fee

Meter Size	Current Fee	Proposed Fee
5/8"	\$17.46	\$19.04
3/4"	17.46	19.04
1"	17.46	29.07
1 ½"	17.46	54.14
2"	17.46	84.22
3"	17.46	179.47
4"	17.46	319.84
6"	17.46	705.87

Capacity

Customers with larger water meters place a higher demand on the water system.

Revenue

Increasing charges for larger meters will generate approximately \$80 thousand per year, equivalent to a 2.5% rate increase on all customers.



Volume Charge

The volume charge should increase by 9% to \$5.97 per 1,000 gallons.



Technology Fee

The monthly Technology Fee should remain unchanged at \$3.85 or \$5.50.

FY 2026 Bill Impact

¾” Meter using 4,000 gallons per month

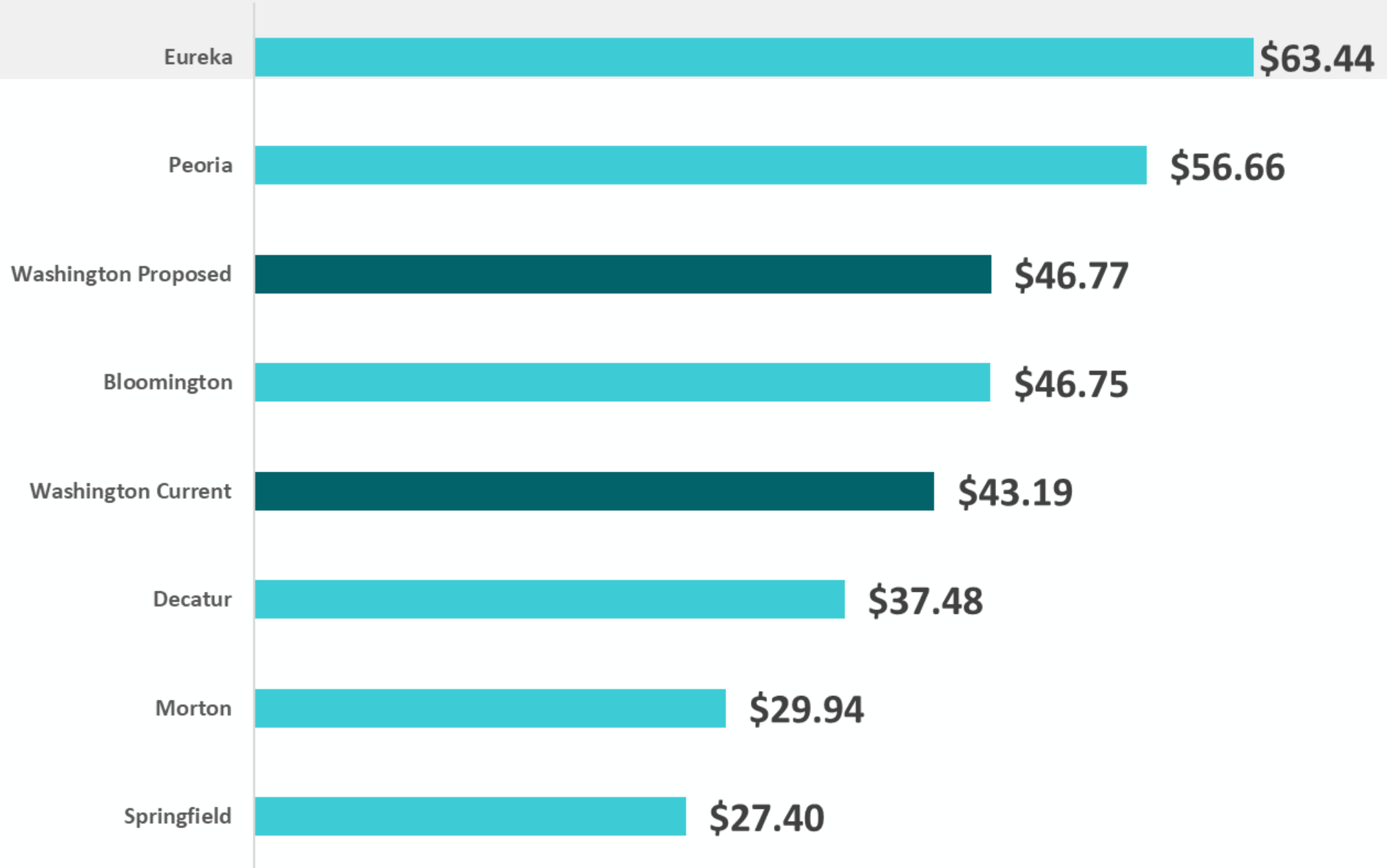
Charge	Current	Proposed	\$ Change	% Change
Infrastructure Fee	\$17.46	\$19.04	\$1.58	9.0%
Technology Fee	3.85	3.85	0.00	0.0%
Volumetric	21.88	23.88	2.00	9.1%
Total	\$43.19	\$46.77	\$3.58	8.3%

Bill

Impacts

*Comparison
to Other
Communities*

Monthly cost for
a residential
customer using
4,000 gallons per
month.



Q&A



Benefit of Illinois American

Rates

Illinois American pays the City's retail rates, which are higher than a dedicated wholesale rate would likely be.

Revenue

Approximately \$190 thousand per year.

Impact

Revenue offsets the need for rate increases on Washington residents. Without Illinois American, the City would need an additional 7% increase.

Description	2025 <i>Budget</i>	2026 <i>Forecast</i>	2027 <i>Forecast</i>	2028 <i>Forecast</i>	2029 <i>Forecast</i>	2030 <i>Forecast</i>	2031 <i>Forecast</i>	2032 <i>Forecast</i>
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Additional Rate Revenue

Revenue								
Rate Revenue	\$ 3,050,405	\$ 3,389,504	\$ 3,555,644	\$ 3,697,870	\$ 3,845,785	\$ 3,999,616	\$ 4,159,601	\$ 4,325,985
Technology Fee	297,000	295,000	295,000	295,000	295,000	295,000	295,000	295,000
Misc. Revenue	92,755	72,553	75,496	77,415	83,344	84,327	81,562	80,439
Total Revenue	\$ 3,440,160	\$ 3,757,056	\$ 3,926,140	\$ 4,070,285	\$ 4,224,129	\$ 4,378,943	\$ 4,536,163	\$ 4,701,424
Expenses								
Operating Expenses	\$ 1,793,633	\$ 1,903,383	\$ 1,979,518	\$ 2,058,699	\$ 2,141,047	\$ 2,226,689	\$ 2,315,756	\$ 2,408,387
Existing Debt Service	261,275	261,315	92,973	-	-	-	-	-
Future Meter Replacement Program				295,000	295,000	295,000	295,000	295,000
Proposed Debt Service	-	-	417,419	417,419	417,419	1,215,227	1,215,227	1,215,227
Rate Funded Capital	1,225,000	1,298,024	1,244,327	706,216	1,272,364	918,573	822,457	855,356
Total Expenses	\$ 3,279,908	\$ 3,462,722	\$ 3,734,237	\$ 3,477,334	\$ 4,125,830	\$ 4,655,488	\$ 4,648,440	\$ 4,773,969
Contribution to Reserves	\$ 160,252	\$ 294,334	\$ 191,903	\$ 592,951	\$ 98,299	\$ (276,545)	\$ (112,278)	\$ (72,545)
Beginning Balance	1,600,000	\$ 1,760,252	\$ 2,054,586	\$ 2,246,489	\$ 2,839,440	\$ 2,937,739	\$ 2,661,194	\$ 2,548,917
Ending Balance	\$ 1,760,252	\$ 2,054,586	\$ 2,246,489	\$ 2,839,440	\$ 2,937,739	\$ 2,661,194	\$ 2,548,917	\$ 2,476,372
<i>Target Balance</i>	<i>\$ 506,690</i>	<i>\$ 533,761</i>	<i>\$ 613,950</i>	<i>\$ 683,289</i>	<i>\$ 703,594</i>	<i>\$ 921,431</i>	<i>\$ 943,393</i>	<i>\$ 966,233</i>
Debt Service Coverage Ratio	6.30	7.09	3.81	2.82	2.92	1.43	1.47	1.52