

# Water System Improvement Projects

City of Washington,  
IL

Committee of the Whole

April 7, 2025



# November 11<sup>th</sup> 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?

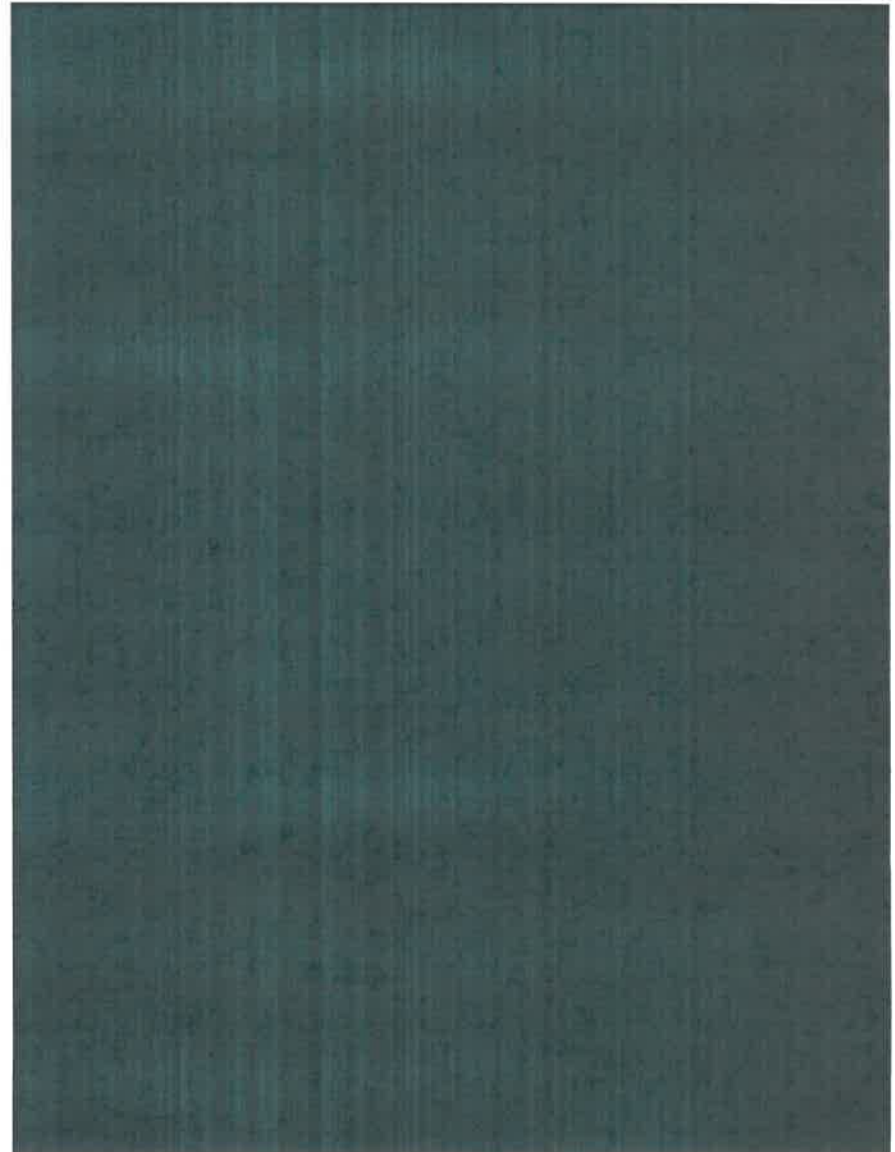


# Financial Plan

## *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

✓	✓	✓	✓
<b>Well 13 and Water Tower 3</b>	<b>Route 24 Watermain Relocation</b>	<b>Ongoing Watermain Repairs</b>	<b>Ongoing Treatment Plant Maintenance</b>
\$6.8 million IEPA loan in 2026.	\$10.7 million G.O. bond in 2029.	\$550 thousand per year.	\$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

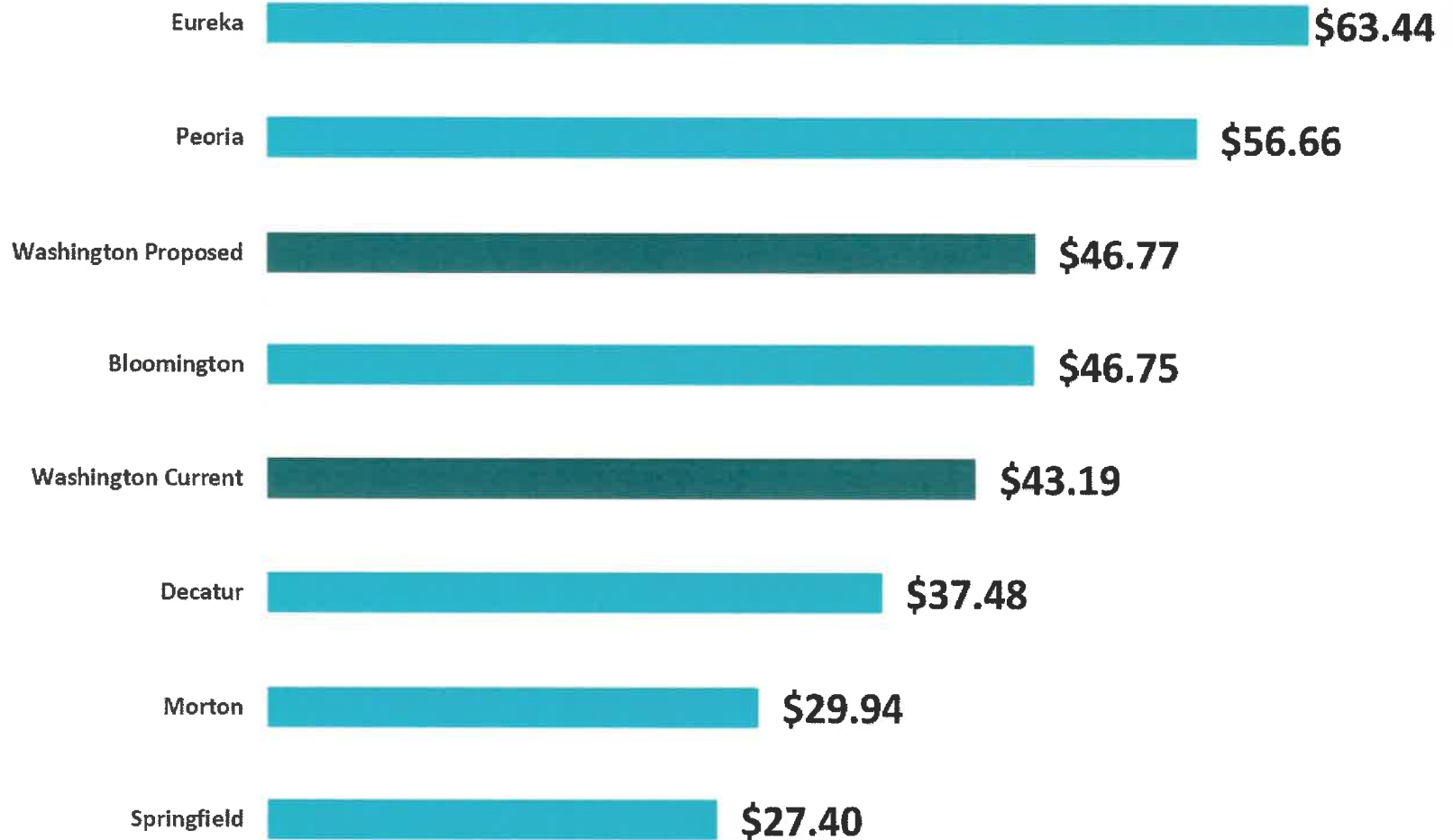
Charge	Current	Proposed	\$ Change	% Change
Infrastructure Fee	\$17.46	\$19.04	\$1.58	9.0%
Technology Fee	3.85	3.85	0.00	0.0%
Volumetric	21.88	23.88	2.00	9.1%
<b>Total</b>	<b>\$43.19</b>	<b>\$46.77</b>	<b>\$3.58</b>	<b>8.3%</b>



# 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

<b>Revenue</b>								
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
<b>Total Revenue</b>	<b>\$ 3,440,160</b>	<b>\$ 3,757,056</b>	<b>\$ 3,926,140</b>	<b>\$ 4,070,285</b>	<b>\$ 4,224,129</b>	<b>\$ 4,378,943</b>	<b>\$ 4,536,163</b>	<b>\$ 4,701,424</b>
<b>Expenses</b>								
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
<b>Total Expenses</b>	<b>\$ 3,279,908</b>	<b>\$ 3,462,722</b>	<b>\$ 3,734,237</b>	<b>\$ 3,477,334</b>	<b>\$ 4,125,830</b>	<b>\$ 4,655,488</b>	<b>\$ 4,648,440</b>	<b>\$ 4,773,969</b>
<b>Contribution to Reserves</b>	<b>\$ 160,252</b>	<b>\$ 294,334</b>	<b>\$ 191,903</b>	<b>\$ 592,951</b>	<b>\$ 98,299</b>	<b>\$ (276,545)</b>	<b>\$ (112,278)</b>	<b>\$ (72,545)</b>
<b>Beginning Balance</b>	<b>1,600,000</b>	<b>\$ 1,760,252</b>	<b>\$ 2,054,586</b>	<b>\$ 2,246,489</b>	<b>\$ 2,839,440</b>	<b>\$ 2,937,739</b>	<b>\$ 2,661,194</b>	<b>\$ 2,548,917</b>
<b>Ending Balance</b>	<b>\$ 1,760,252</b>	<b>\$ 2,054,586</b>	<b>\$ 2,246,489</b>	<b>\$ 2,839,440</b>	<b>\$ 2,937,739</b>	<b>\$ 2,661,194</b>	<b>\$ 2,548,917</b>	<b>\$ 2,476,372</b>
<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>
<b>Debt Service Coverage Ratio</b>	<b>6.30</b>	<b>7.09</b>	<b>3.81</b>	<b>2.82</b>	<b>2.92</b>	<b>1.43</b>	<b>1.47</b>	<b>1.52</b>