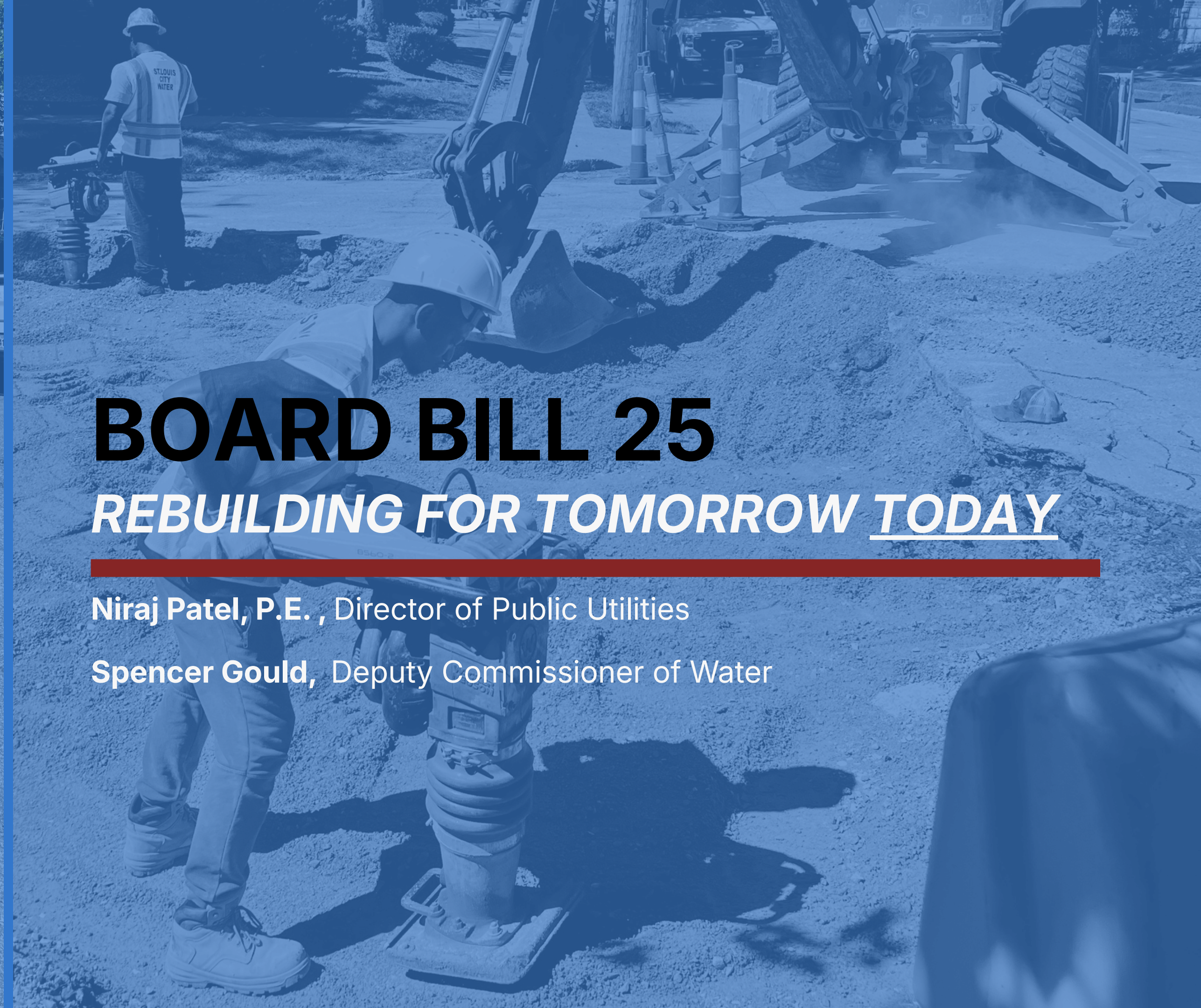




BOARD BILL 25

REBUILDING FOR TOMORROW TODAY

Niraj Patel, P.E., Director of Public Utilities

Spencer Gould, Deputy Commissioner of Water



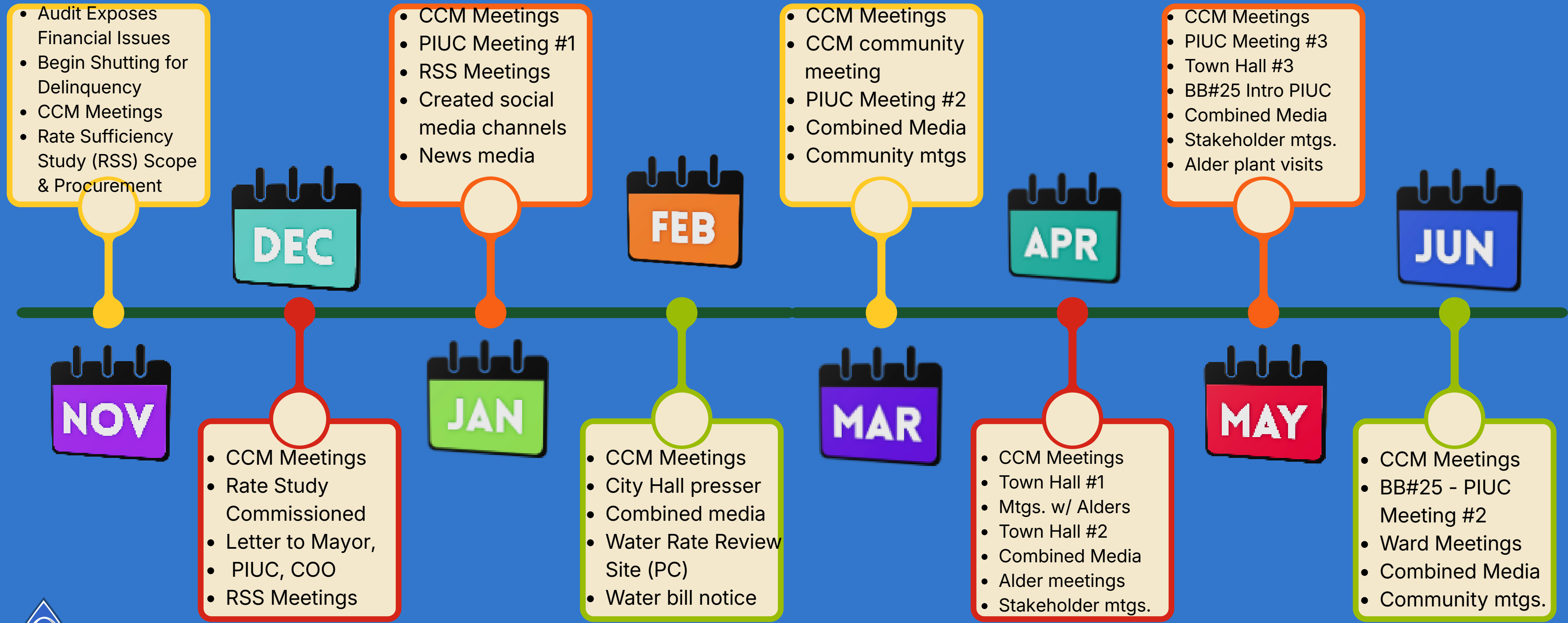
Rate Sufficiency Study

- Independent and objective financial analysis (*data driven*)
- Structured process (*guided by AWWA M1 Manual*)
 - Principles of Water Rates, Fees, and Charges
- Solvency, Rate Stability, Capital Renewal
 - *Balanced and pragmatic financial plan*
- Assumption based (*\$60M Rams, 40%, 20 yr bonds, Affordability Rate, Special Rate Phase Out*)
- Full-Cost Pricing (*O&M, Debt, Depreciation, CIP, Reserves*)



Timeline

Planned OVER communication – 100 meetings...



5 PIUC Mtgs. - 5 Ward Mtgs. - 3 Town Halls - 9 CCM Mtgs.



Join the **NEXT** WATER TOWN HALL

Wednesday
MAY 6

O'Fallon Park Rec Complex
4343 West Florissant Ave
at 5:30 p.m.

 Niraj Patel P.E.
Director of Public Utilities

and





Join the **WATER TOWN HALL**

April 21

Buder Library
4401 Hampton Avenue
at 5:30 p.m.

 Niraj Patel P.E.
Director of Public Utilities

and





Rate Review Timeline

We Are Here

Step 1:

Continuous
Monitoring
& Trigger
Identification

Ongoing

Step 2:

Data
Collection
& Financial
Analysis

Fall 2025

Step 3:

Formal
Notification
& Public
Notice

December 2025

Step 4:

Rate
Sufficiency
Study

January 2026 to March 2026

Step 5:

Draft Rate
Proposal

March 2026

Step 6:

Stakeholder
& Public
Engagement

January 2026 to April 2026

Step 7:

Formal Rate
Proposal
Development

Early May
2026

Step 8:

Board of
Alderman
Review &
Approval

Late May
2026

Emergency Trigger
in Winter 2025

Presented in March in 2026

Alternatives

Smaller increases initially, larger increases later (overall the same).

Selective alteration of assumptions used in the study to lower increases (i.e. 30 year bond terms)

Continue to rely on one-time funding

Delayed/deferred buildup of O&M reserves

Change the schedule of the CIP to smooth rates

Risks

Risks ability to address short term Water System failures to lack of funds.

Does not prioritize public safety or public health, but rather focuses on easing short term rate increases (addressed via “affordability rate”). Adjustments were made that already stress the model (i.e. two 18% vs. 40%, affordability rate, higher Rams assumption of \$60M)

One-time funding is not guaranteed OR sustainable. Enterprises MUST maintain sufficient revenues

Delays access to bonds or risks favorable terms. We cannot assume the market will ignore past inability to adjust rates based on sufficiency studies

Costs continue to rise; delayed capital projects are more expensive. Changes to the proposal change the CIP



Board Bill 25



GOALS ACHIEVED BY BOARD BILL 25

- Full-Cost Pricing (pro-active correction to address Water Division needs)
- Support strong financials to open access for bond issuances
- Multi-year rate increase to spread out cost over time
- Phase-out special rates for certain non-residential users
- Address affordability concerns with a new "Affordability Rate"
- Address new large metered users (Data Centers) with negotiated rates

Made possible by the balanced and pragmatic approach



FUTURE WATER DIVISION GOALS

- Codify Water Rate Review Requirements
- Cost of Service Study (RFQ in FY2027)
- Complete Water Master Plan Project (Summer FY27)
- Water Meter Pilot Program (voluntary, opt-in)
- Monthly Billing Pilot (voluntary, opt-in)
- Expand "Affordability Rate" program beyond immediate eligibility criteria
- Going forward, new goals will be prioritized

Solvency is our immediate concern



Series of Rate Adjustments

<u>YEAR</u>	<u>INCREASE</u>	<u>IMPACT</u>
2026	18%	\$7 - \$9
2027	18%	\$7 - \$9
2028	6%	\$3 - \$4
2029	6%	\$3 - \$4
2030	6%	\$3 - \$4
2031	5%	\$3 - \$4
2032	5%	\$3 - \$4



Supporting At-Risk Customers

- Establishing Permanent Customer Assistance Program *ONLY* for City Residential Accounts (*Proposed in This Rate Ordinance*)
- Eligibility Criteria (*Income, Age, Natural Disaster*)
 - Immediate eligibility for accounts awarded ARPA Tap Assistance
 - Immediate eligibility for reciprocity for other utility assistance programs
- 50% subsidy rate "Affordability Rate"
- Phasing Out Special Rates (*Subsidies for Hospitals, Zoo, Museums*)
- Part of a comprehensive approach based on the study backed rates in BB25

We are committed to supporting OUR community



Affordability rate will immediately save customers \$24 a month

If we lose water, we lose *everything*.

A thriving community needs access to *safe, reliable, and affordable* drinking water.

It provides:

