

COMPREHENSIVE WATER & SEWER RATE STUDY UPDATE

JULY 17, 2023



PRESENTATION OVERVIEW

- **Current Revenue Drivers**
- **Rate Study Process**
- **Affordability Analysis**
- **Next Steps**

INFLATIONARY PRESSURES

Cost Index	Historical	2022
CPI (2000 - 2020)	2.10%	7.90%
ENR CCI (2000 - 2020)	3.10%	7.20%
Cement & Concrete Product Manufacturing (2004 - 2020)	3.70%	15.10%

Water and sewer utilities are capital-intensive and are driven by prevailing economic conditions.

OPERATING EXPENSES

Expenses are Increasing

- General Inflation
- Increased Labor Costs
- Increased Electrical & Chemical Costs
- Increased maintenance due to aging system and deferred capital improvements

CAPITAL IMPROVEMENT NEEDS

WATER SYSTEM IMPROVEMENTS

- Alternative Water Source Program
- Water Main Replacement Program
- Lead Water Service Line Replacement

SEWER SYSTEM IMPROVEMENTS

- Combined Sewer Overflow Long Term Control Program
- Lift Station Rehabilitation Program
- Westside WWTP Expansion
- Sanitary Sewer Rehabilitation Program



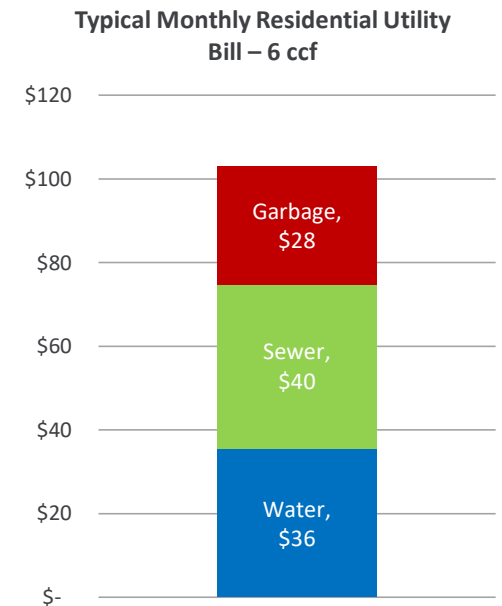
2023 Comprehensive Water and Sewer Rate Study Briefing

City of Joliet, Illinois

July 17, 2023

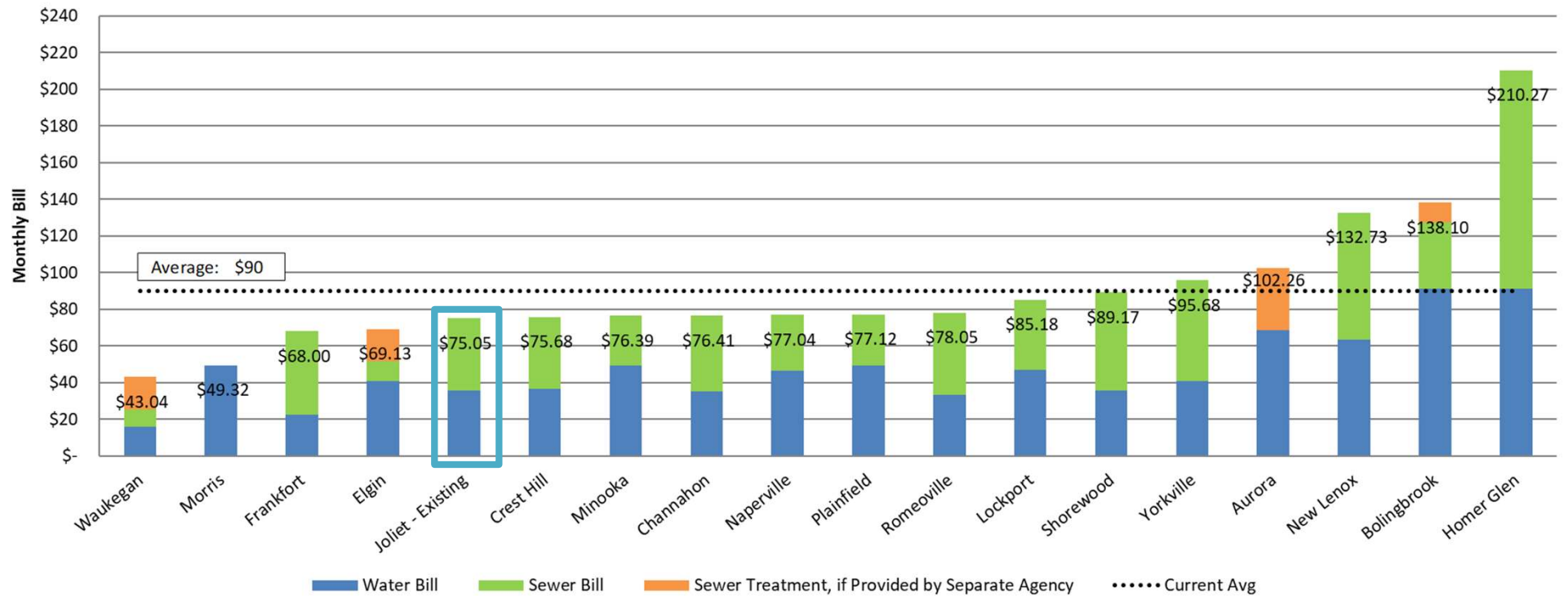
Joliet water & sewer billing basics

- ▶ Billings for water, wastewater, and garbage collection services come to each customer on a single bill each month.
- ▶ Water and wastewater services in Joliet are funded solely through revenues collected from utility bills. Property taxes are not used.
- ▶ Billings for water and wastewater services are based on customer type and the amount of water used by the customer each month.
- ▶ Billing for garbage collection services is also included on the utility bill at a flat rate daily charge.

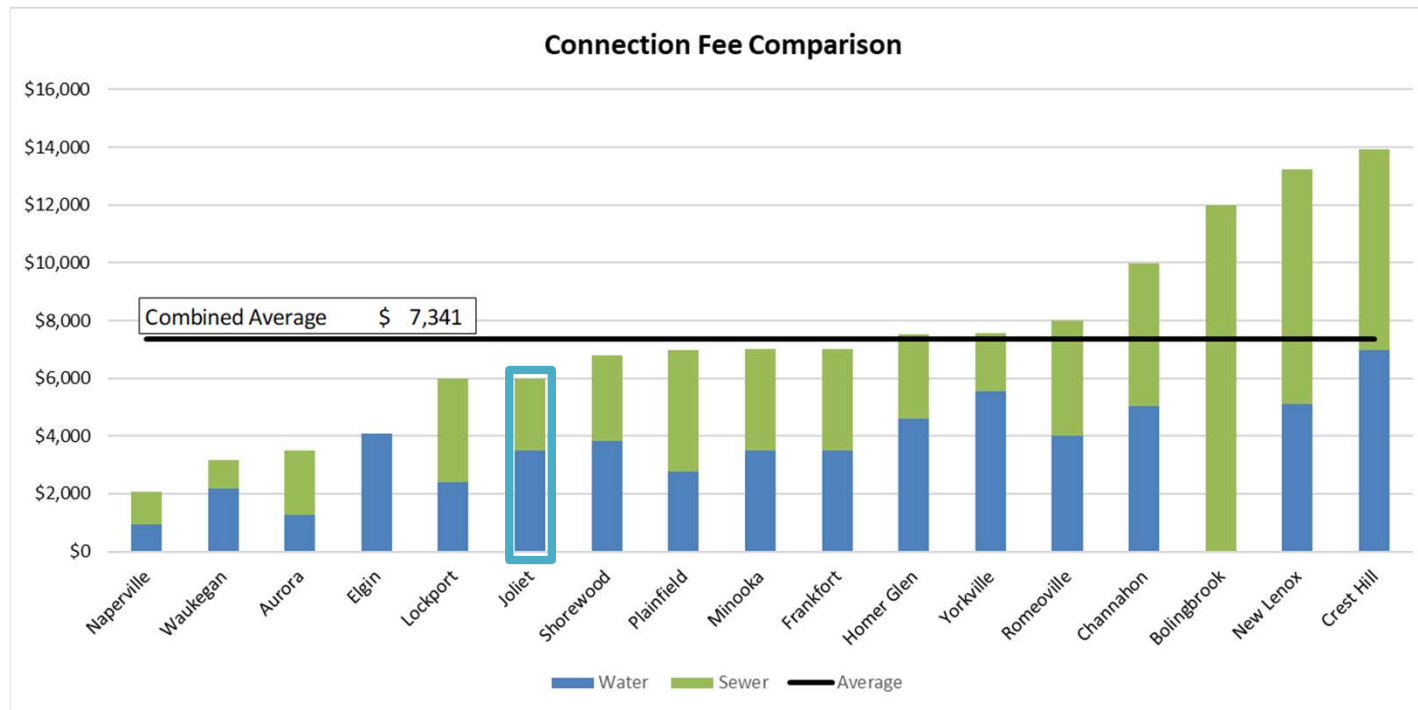


Current regional residential bill comparison

Average Residential Monthly Water & Sewer Bill Using 6 ccf per Month
Current Rates



Regional residential connection fee comparisons



- ▶ Connection fees can vary widely due to a variety of factors, including age and condition of system; population density; policies on growth-related charges; methodology; and length of time since last update.

Key components of the rate study

- ▶ Evaluate changes in water & sewer rate structure
 - Fixed fees that increase by meter size
 - Volumetric fees
 - Residential lifeline block and 3rd tier
 - Non-Residential block consolidation
 - Integrate sewer separation fee into fixed and volumetric charges
 - Review outside city multiplier
- ▶ Consider household affordability for water & sewer service in the rate structure evaluation
- ▶ Review miscellaneous fees and connection charges

2023 Rates by class

<u>Owner (Inside City) Rates</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Multi Family Tenant or Owner</u>	<u>Senior</u>	<u>Multi Family Senior</u>	<u>Rate Structure Changes under Consideration</u>
Water Daily Charge (\$/Month)	\$7.55	\$7.55	\$7.55	\$7.55	\$6.76	\$6.76	Fixed charge that increases by meter size
Water Volume Charge (\$/Ccf)							
First 2 Ccf	\$2.00	\$2.21	\$2.21	\$2.21	\$1.38	\$1.60	Expand lifeline rate (block 1) and add a 3 rd inclining block
Over 2 Ccf	\$6.00	\$6.67	\$6.67	\$6.67	\$4.11	\$4.84	
Sewer Daily Charge (\$/month)	\$5.70	\$5.70	\$5.70	\$5.70	\$5.10	\$5.10	Consolidate into a single volumetric rate
Sewer Separation Fee (\$/month)	\$8.24	[1] Varies	[1] Varies	[2] Varies	\$8.24	[2] Varies	Integrate with sewer fixed & volumetric charge
Sewer Volume Charge (\$/Ccf)	\$4.26	\$4.26	\$4.26	\$4.26	\$4.02	\$4.02	

Notes

[1] Fixed charge that increases based on water consumption. Minimum is \$8.36/month, max capped at \$406.63.

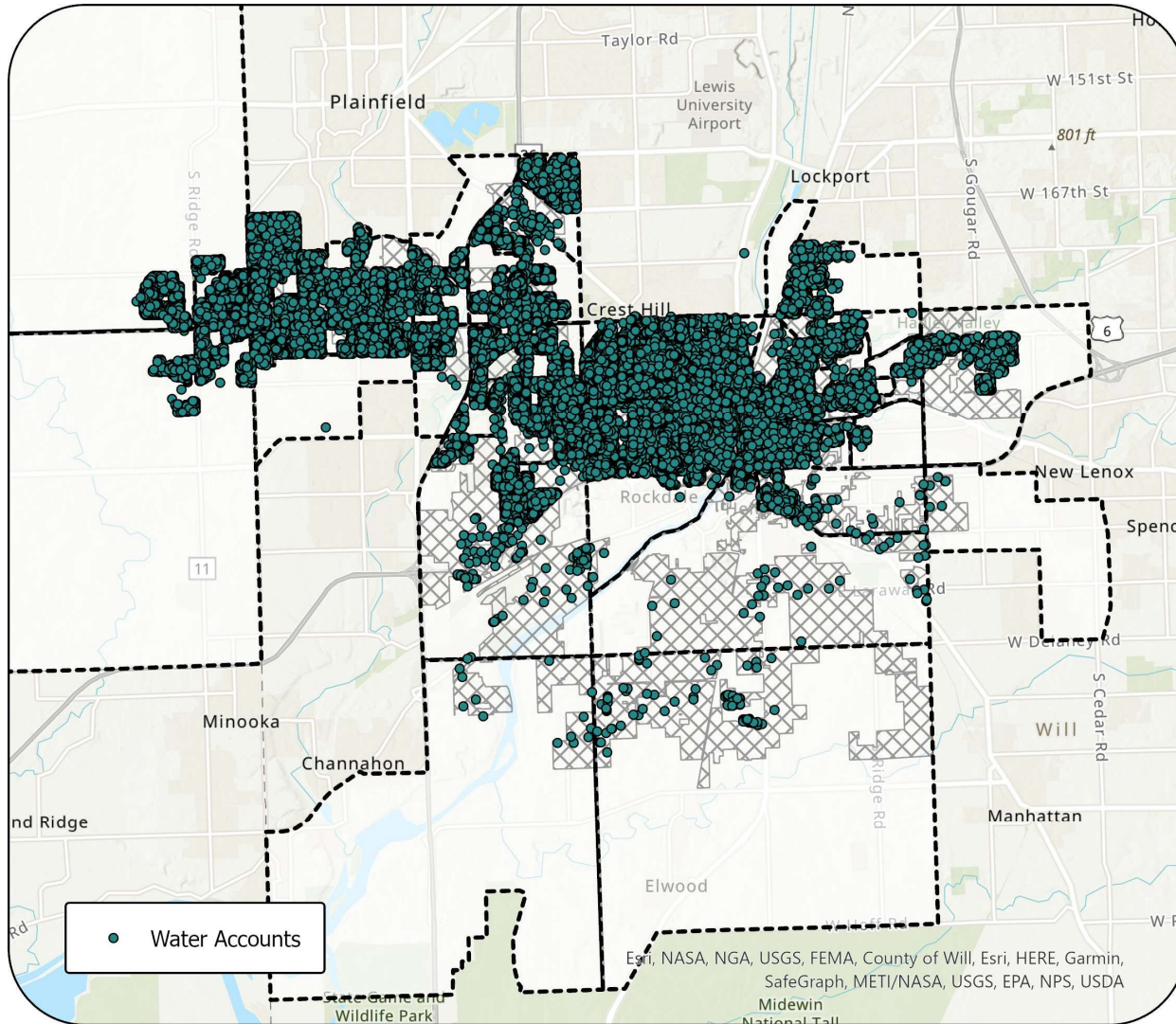
[2] Fixed charge that decreases based on number of multi-family units. Maximum charge per unit is \$7.75/month

Ccf = 100 cubic feet = 748 gallons

AFFORDABILITY ANALYSIS

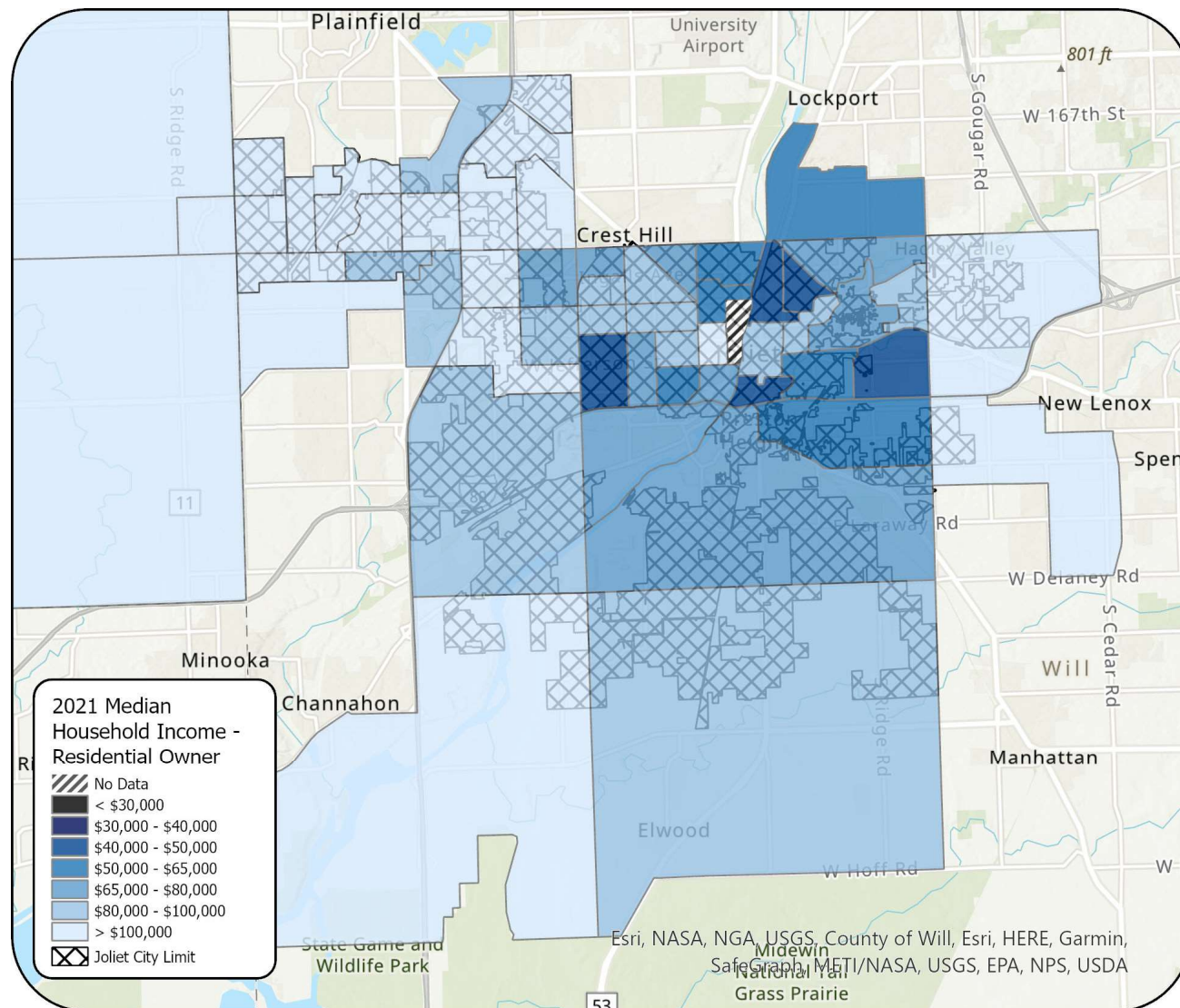
Baseline Observations





Joliet Water Accounts

- Joliet service area is cross-hatched
- Census tracts represented by dashed outlines



Median Household Income (MHI) for Residential Owners

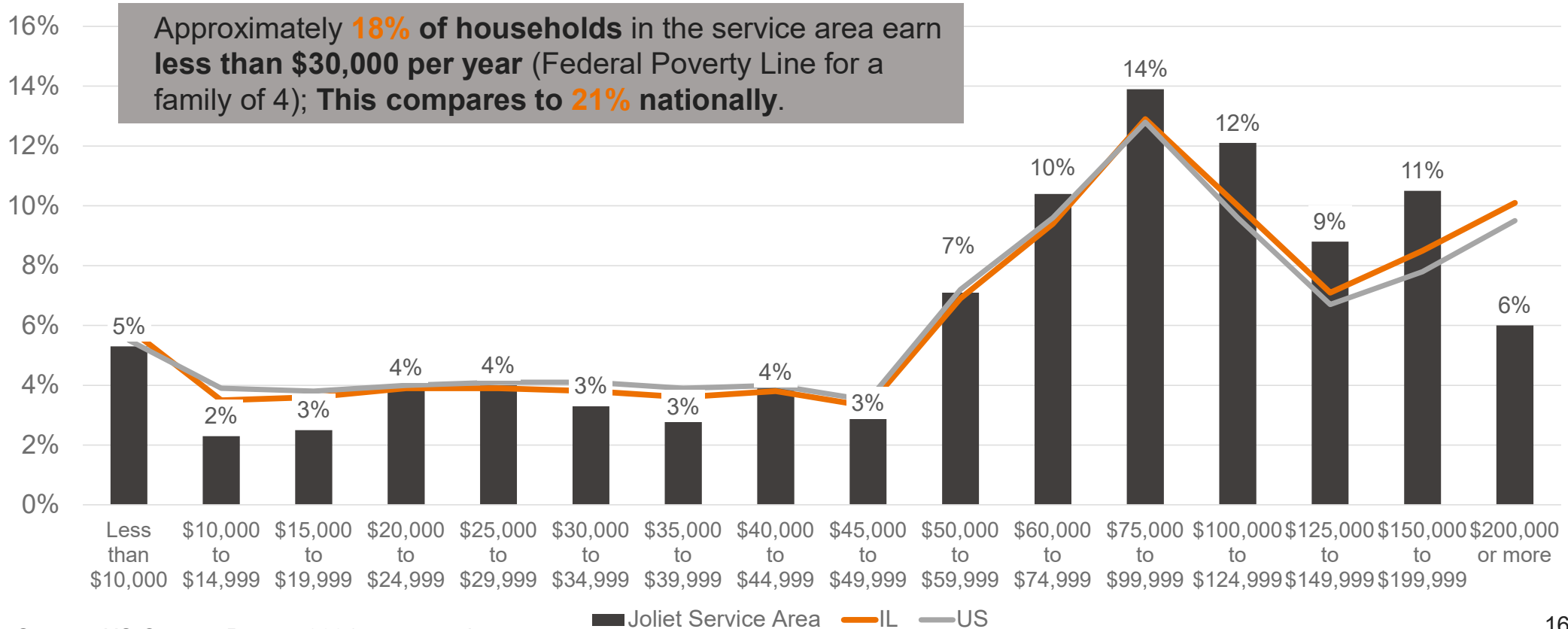
- MHI = 50% of households earn more & 50% earn less
- Darker colors represent lower MHI by census tract

No Data indicates no available census data.
 Source: US Census Bureau 2021 5-year estimate

Median Household Income and Income Distribution

Geographic area	MHI (2021\$)
Joliet Service Area	\$77,373
Illinois	\$72,563
United States	\$69,021

Approximately **18%** of households in the service area earn less than \$30,000 per year (Federal Poverty Line for a family of 4); This compares to **21%** nationally.



Source: US Census Bureau 2021 5-year estimate

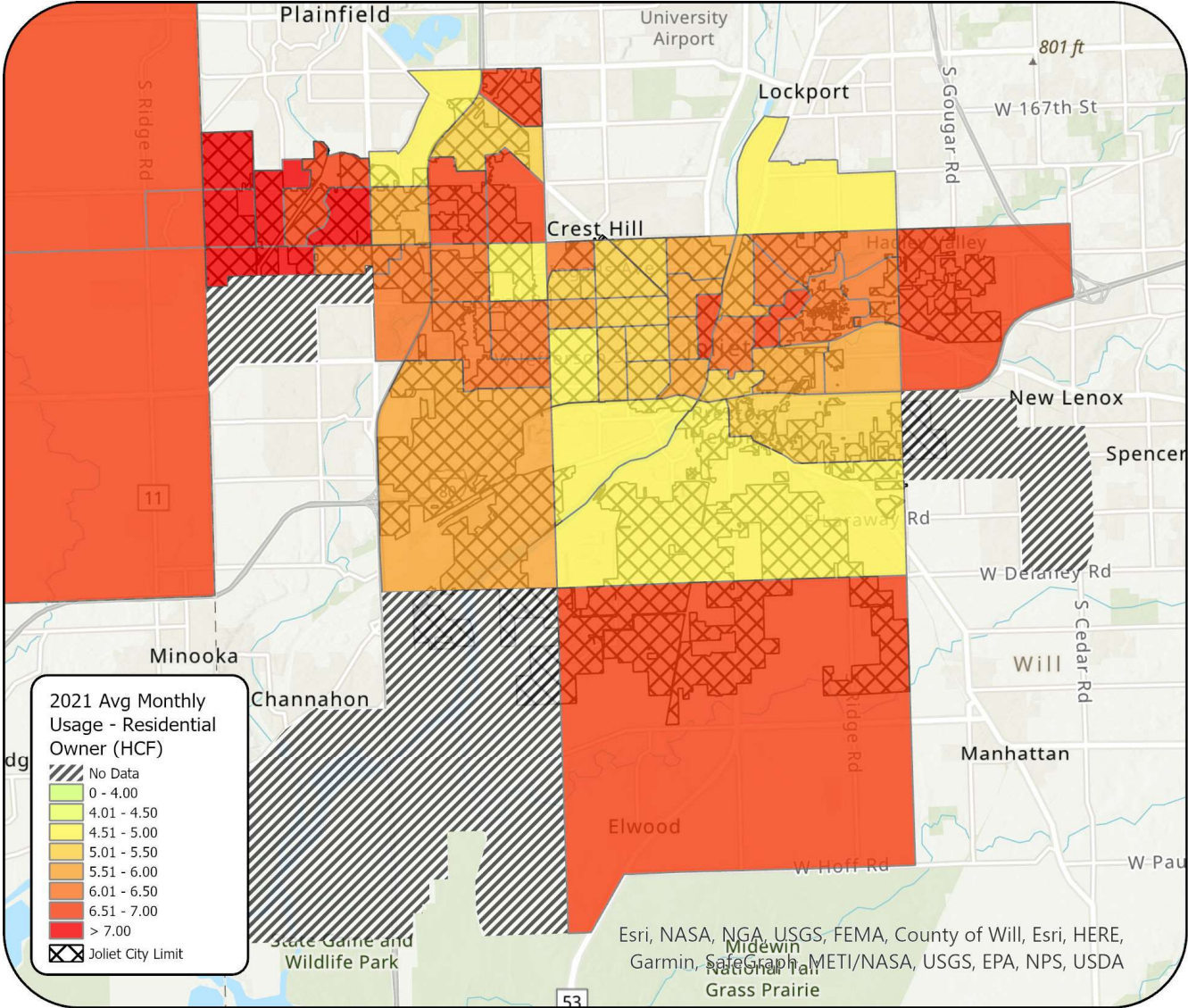
Typical Monthly Bill Characteristics of Joliet's Residential Community

	Residential - Owner	Residential - Tenant	Residential - Senior
Avg Monthly Water Usage (2023)	6 HCF	5 HCF	4 HCF
Avg Monthly Water Bill (2023)	\$36	\$32	\$18
Avg Monthly Sewer Bill (2023)	\$40	\$35	\$21
Total Average Bill (2023)	\$76	\$67	\$39

Average Monthly Water Usage for Residential Owners

- 2021 billed usage average by census tract
- Darker colors indicate higher usage
- Average usage for service area = 6 HCF

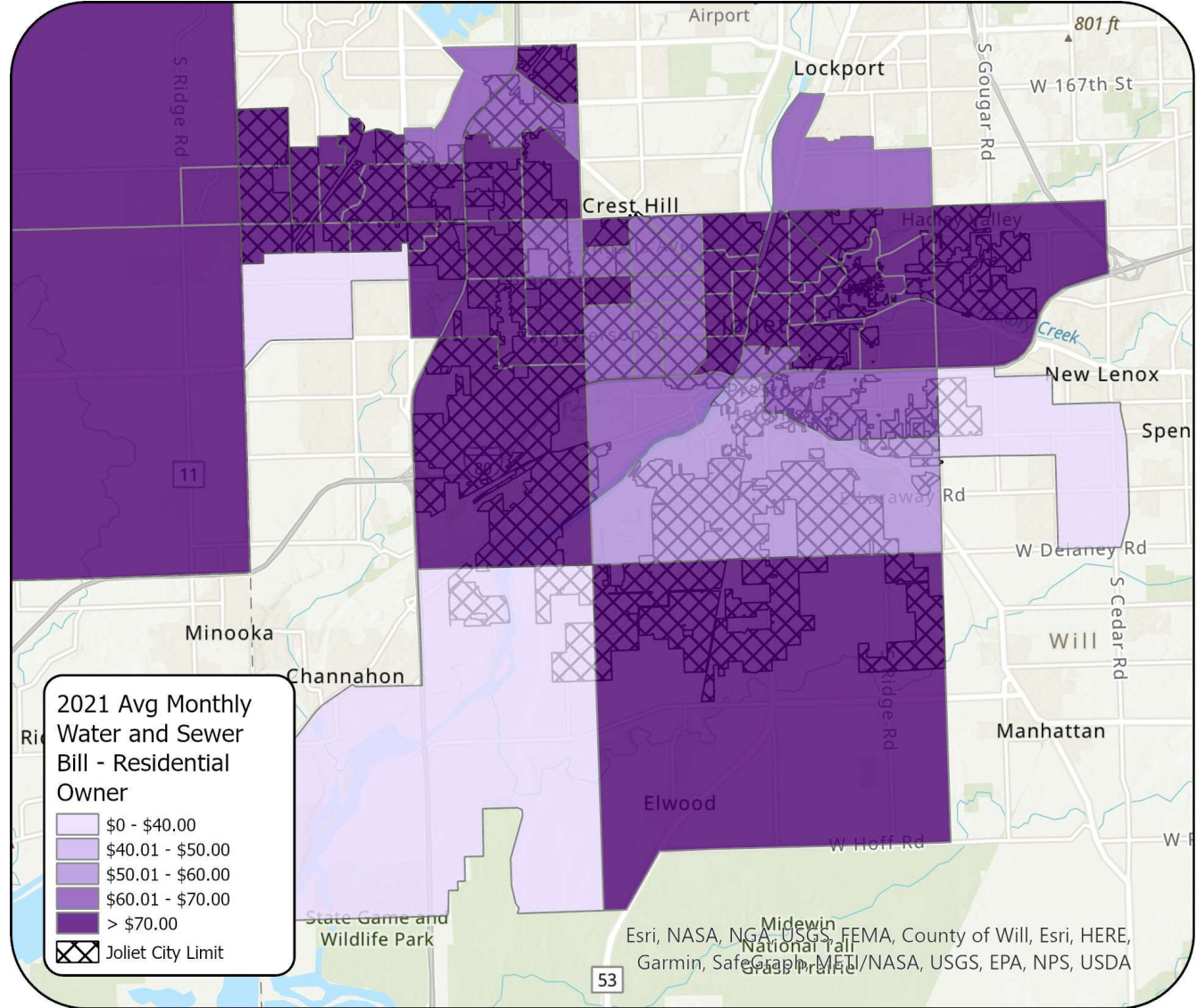
No Data indicates no Residential Owner customers in census tract.



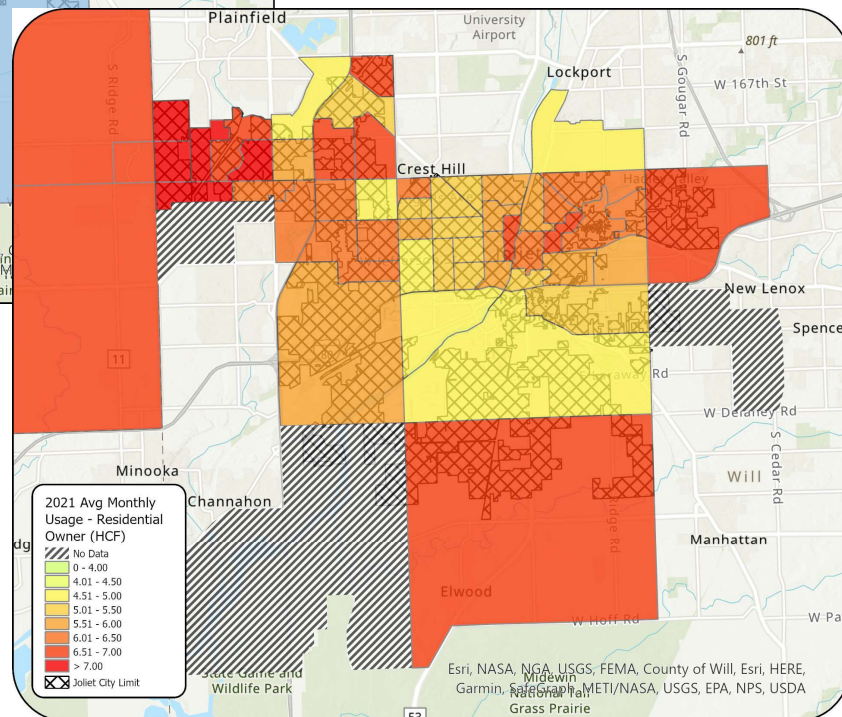
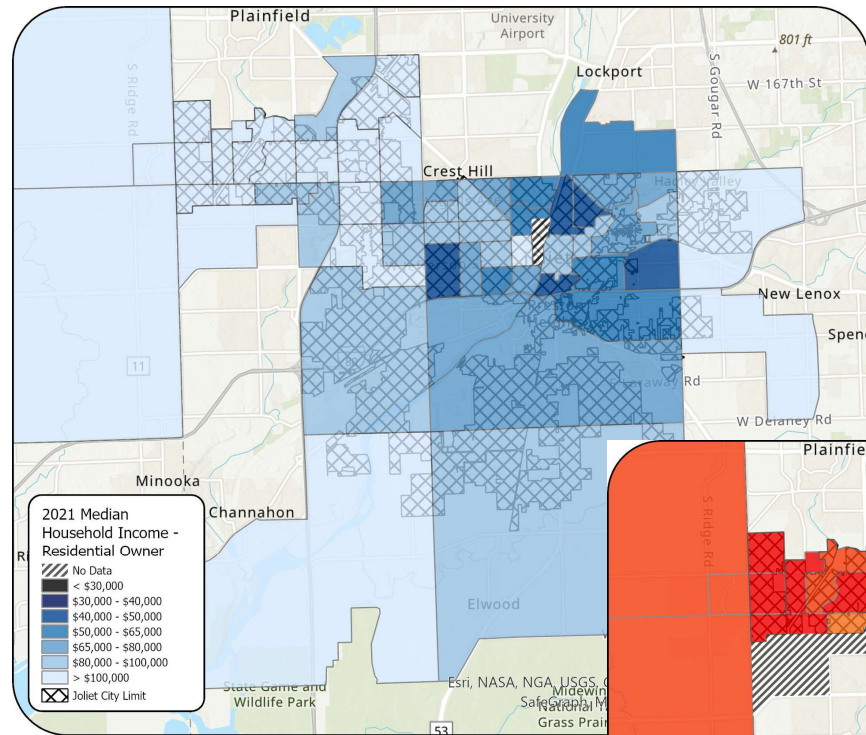
Average Monthly Bill for Residential Owners

- Combined monthly water & sewer bill for average usage
- Darker color indicates higher bills due to higher usage

Bills calculated with 2021 usage and 2023 rates.



Income & Water Usage



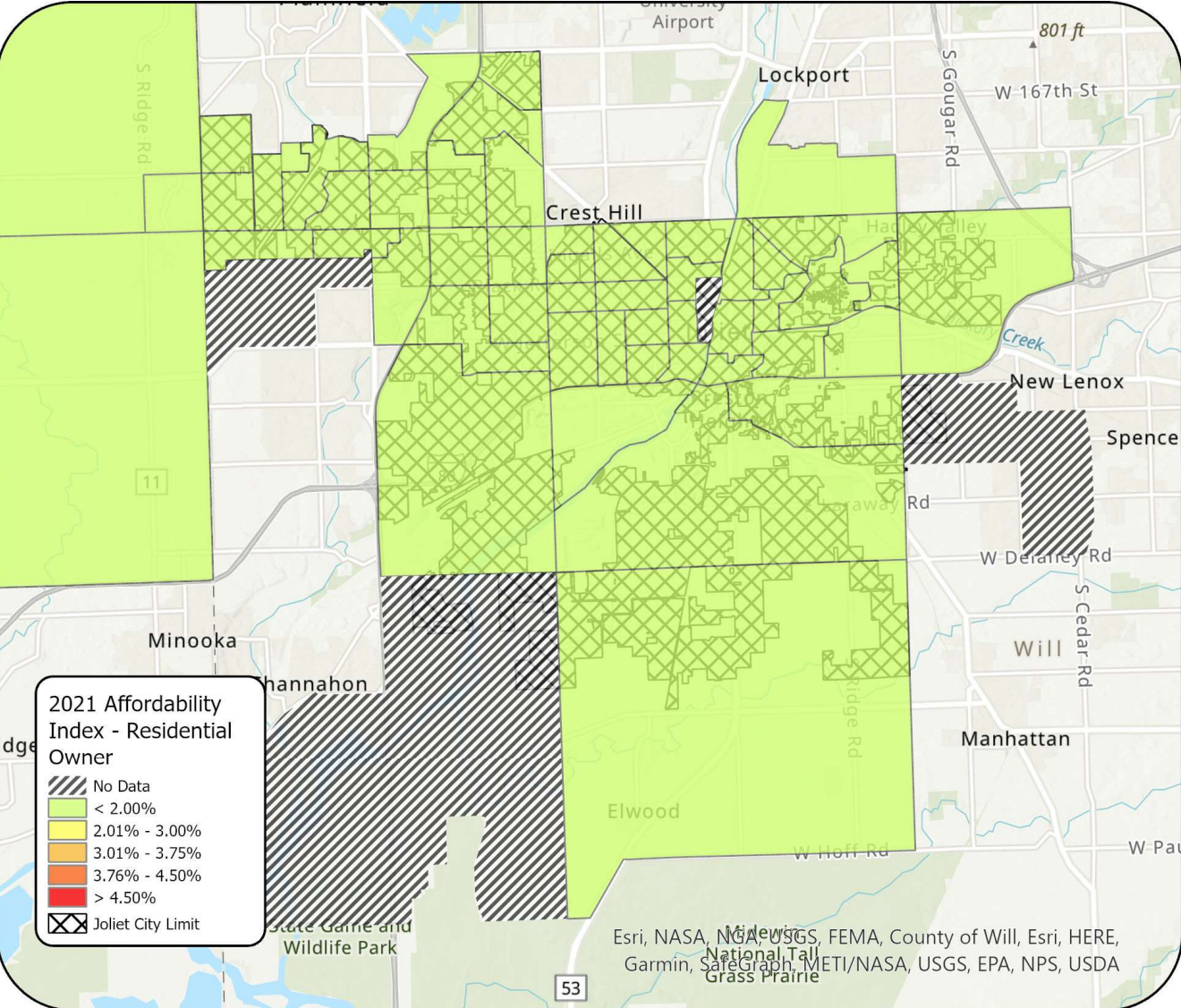
- Generally, higher MHI = higher water use

No Data indicates no census data available/no Residential Owner customers in census tract.

Affordability Index for Residential Owners Based on MHI

- Annual water & sewer bills as a percent of MHI
- High burden threshold of 4.5% for water & sewer bills
- Lighter color indicates lower financial burden on customers

No Data indicates no census data available/no Residential Owner customers in census tract.



NEXT STEPS

- Complete drafting of rate recommendations in August
- Update affordability analysis
- Present to Council in early September
- Propose adoption in October
- Implement new rates in November

QUESTIONS

