



### Information on City of Columbia Water/Sewer Rates

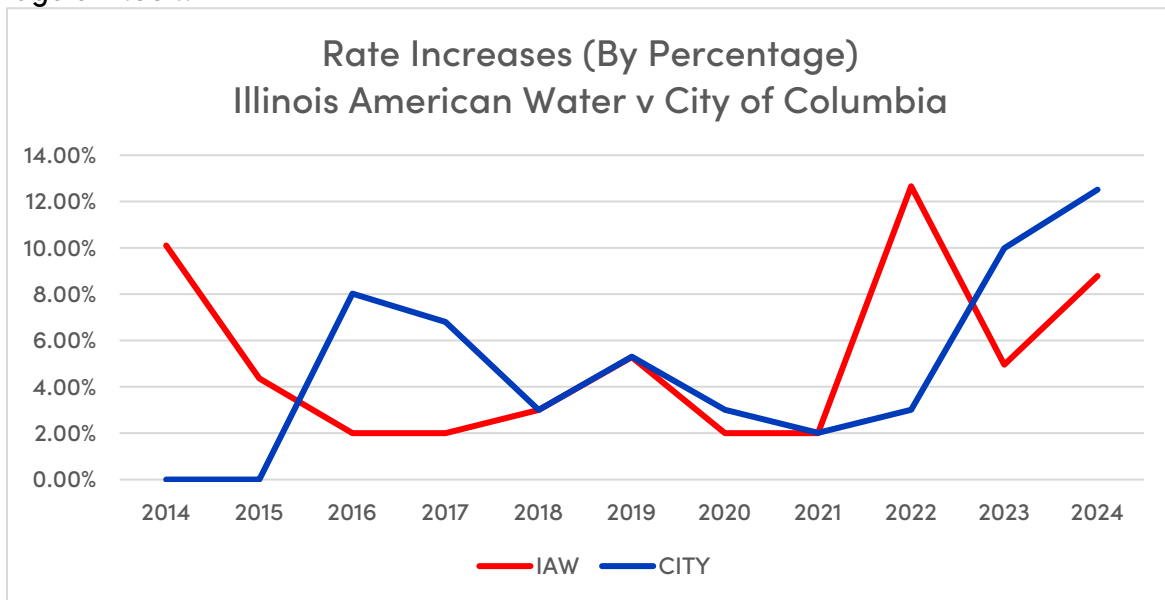
*Utility rate increases are necessary to provide sufficient funds to operate and continue to improve the City's water distribution and sewage collection/treatment facilities*

Effective May 1, 2024, water and sewer rates for all customers of the City of Columbia will increase by 12.5%. Although this seems like an extraordinary increase, the average household in Columbia (using 5,000 gallons) will only pay an additional \$8.39 each month.

Utility customers will see this impact on their June 2024 utility bill.

#### *Overview of Water*

Since 2014, Illinois American Water (the City's water supplier), has increased rates by 5.19% on average each year. The City Council of the City of Columbia has made every effort in minimizing this impact on residents. For the same timeframe (including this latest increase), the water rates assessed by the City have increased by an average of 4.88%.



As operating costs have increased due to the price of supplies and materials, and Illinois American Water increased the amount the City pays for water, the City has, in essence, absorbed these increases without drastically impacting utility customers.

Uncertainty lies in the future for Columbia's water source. An agreement between the Commonfields of Cahokia Public Water District, the City of Columbia, and Illinois American Water, brokered by Mayor Lester Schneider in 1998, placed controls on the rates Illinois American could charge the City; however, this agreement terminates in 2028. As a result, the future with Illinois American is questionable. On January 25, 2024, a request was filed by Illinois American with the Illinois Commerce Commission seeking an increase in rates of \$152.4 million, or about 39.5%. Currently, the City's agreement protects customers from an extortionary rate increase of this nature, but the recent filing does serve as a barometer as to what future

rates with Illinois American may look like for Columbia. The City is optimistic it will either 1) negotiate an extension with Illinois American, while keeping future cost increases to a minimum, or 2) identify alternative water supply options, while keeping cost increases to a minimum. All options are currently being evaluated, including 1) purchasing water from the City of St. Louis or another municipality, 2) partnering with other local governmental units to construct a regional water treatment facility, or 3) constructing a City-owned and operated water treatment facility.

While balancing external pressures, the City must continue making repairs and improvements to its distribution system. The following capital projects have been completed within the last five fiscal years:

FY2019	Ghent Road Pump Station Reconstruction	\$1,298,400
FY2019	Ghent Road Main Replacement	\$524,111
FY2019	Main Street Main Replacement	\$480,790
FY2021	Camp Jackson Main Replacement	\$295,000
FY2023	Water Main Replacement - 6" (Ghent Road to Daleview)	\$100,000
FY2020	Water Tank Mixers (Diehl Tank & Cherry Tank)	\$70,000
FY2023	6" Water Main Replacement - Glenwood	\$46,776
FY2021	Quarry Road Main Replacement	\$43,776
FY2022	Quarry Road Main Replacement	\$28,110
FY2022	Centerville Ave Main Replacement	\$26,387
		<b>\$2,913,350</b>

The following capital projects are planned in the upcoming fiscal year:

FY2025	Metter Ave Water Main (4" Cast Iron to 6" PVC)	\$69,500
FY2025	Cascade Water Main (6" Cast Iron to 6" PVC)	\$64,000
FY2025	Evergreen Ter. Water Main (4" Cast Iron to 6" PVC)	\$33,000
FY2025	Tower Hill Water Main 6"	\$27,500
		<b>\$194,000</b>

The City has primarily been focused on eliminating antiquated 4" distribution mains from its system, and replacing with 6" polyvinyl chloride (PVC) mains. Not only does this improve water quality and pressure, it will ultimately assist the Columbia Fire Protection District improve its rating with the Insurance Services Office (ISO), resulting in lower property insurance premiums for all Columbia residents.

As noted, the City is working to build fund balances to accommodate needed improvements, and shield customers from significant increases in rates with the unknown future of its relationship with Illinois American Water. Additionally, the Interstate 255/Davis Street Ferry Interchange Project poses an unknown pressure on the City with regard to timing. The 2 primary mains supplying water to the City follow the I-255 corridor. Plans are underway to relocate these mains to accommodate this project. The City will pay for all engineering/construction costs up front, and may be reimbursed a majority through various state/federal monies pledged to the project.

#### *Overview of Sewer*

The City's sewage treatment facility, located on Bottom Road, is nearing the end of its useful life, and is one of (if not the) largest "lagoon" style treatment plants still operational in the State of Illinois. Initially, the Illinois Environmental Protection Agency mandated a new treatment plant be operational by 2035; however, owing to the capability of the City's Engineering & Inspections Department, the diligent efforts of the Department of Public Works, and the expertise of consulting engineers utilized by the City, the Illinois EPA and City are evaluating capital improvements to the existing facility intended to result in outcomes thought only possible with a complete replacement.

Estimated costs for a new sewage treatment plant range from \$25-\$35 million. If the City is able to make improvements to the existing facility, this cost decreases to an estimated \$10-\$20 million.

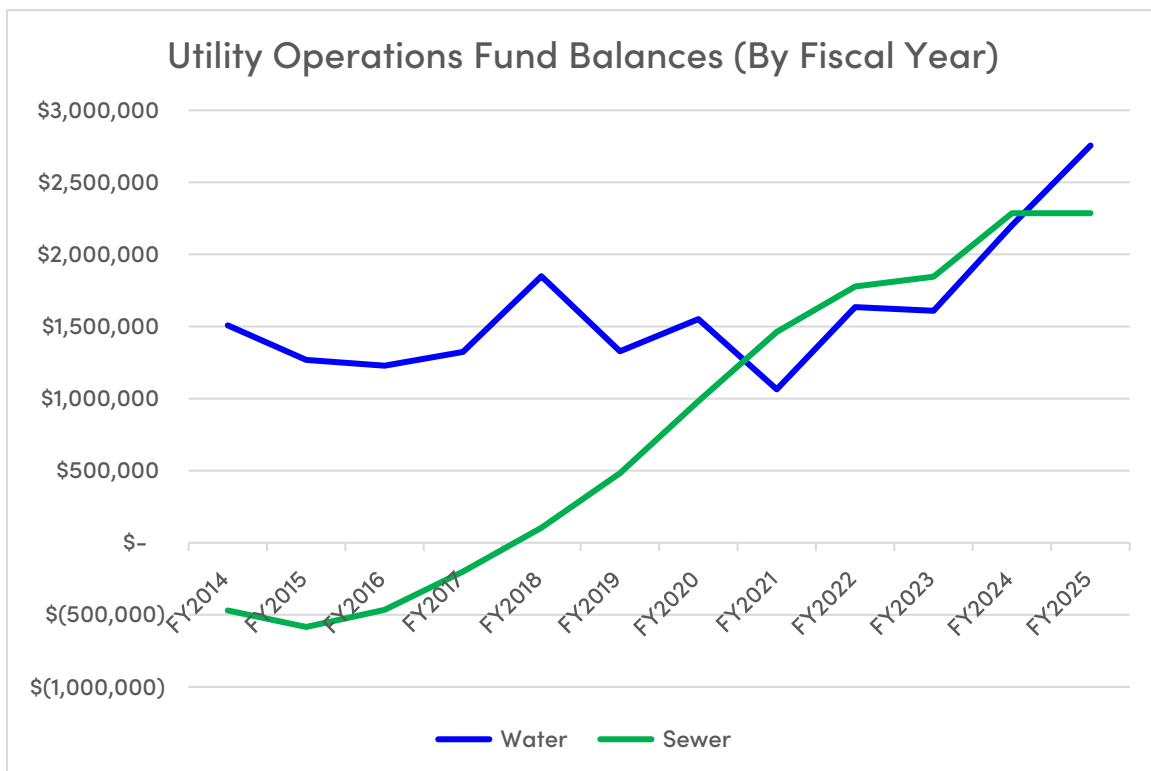
While either scenario represents a significant capital investment, the rate increases today will allow the City to “pay-as-we-go” - minimizing loan amounts (and associated interest), and reduce the likelihood of drastic rate increases in the future through savings realized.

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### *Conclusion*

The City’s utility funds are in remarkable financial condition, and have positioned the City to begin working to address long-term needs in today’s dollars - not the inflation-impacted amounts if issues noted above were delayed until absolutely critical. This was demonstrated with the City’s ability to replace the obsolete Wecker Pump Station on Ghent Road without borrowing any funds.

Additionally, the Sewer Fund, which was nearly \$500,000 in the negative less than 10 years ago, has rebounded and allowed the City to address the unfunded mandate from the Illinois EPA in a manner resulting in more cost-effective alternatives to complete plant replacement to be adequately considered.



While no one likes paying more for goods and services, the City has an obligation to ensure safe and reliable utilities for its customers. The City Council and Staff work diligently to control costs, and, as demonstrated, only increase rates when absolutely needed.

When compared to other communities in Southwestern Illinois, Columbia currently has the **10<sup>th</sup> lowest** water rate of the 22 municipalities included in the study, and the **4<sup>th</sup> lowest** sewer rate of 21 municipal sewer utilities. Even after the May 1 increase, Columbia will have the **11<sup>th</sup> lowest water**, and **7<sup>th</sup> lowest sewer** rate in the area.

Area Water Rates					
Average Usage for Columbia Residential Customers			5000 gallons/month		
Community	Base Charge	Minimum	Charge for	Monthly	
	per minimum	Usage	Next 1000 gal	Charge	
	\$ gallons/month	gallons/month	\$/1000 gallons	5000 gallons/month	
Freeburg	\$ 24.00	1000	\$ 13.00	\$ 76.00	
Waterloo	\$ 13.25	1000	\$ 13.56	\$ 67.49	
Nashville	\$ 20.50	1500	\$ 9.60	\$ 54.10	
Mascoutah	\$ 22.22	0	\$ 6.22	\$ 53.32	
Pinckneyville	\$ 20.00	1000	\$ 7.50	\$ 50.00	
Mt. Vernon	\$ 16.02	2000	\$ 10.79	\$ 48.39	
New Baden	\$ 19.00	2000	\$ 9.50	\$ 47.50	
Salem	\$ 20.77	1000	\$ 6.51	\$ 46.81	
Trenton	\$ 10.12	1000	\$ 8.72	\$ 45.00	
Centralia	\$ 10.64	1000	\$ 8.58	\$ 44.96	
Highland	\$ 9.99	0	\$ 6.70	\$ 43.49	
<b>Columbia (May 1, 2024)</b>	<b>\$ 27.15</b>	<b>3000</b>	<b>\$ 7.71</b>	<b>\$ 42.57</b>	
Troy	\$ 15.31	1000	\$ 5.74	\$ 38.27	
Greenville	\$ 13.93	2000	\$ 7.54	\$ 36.55	
Carlyle	\$ 26.25	2000	\$ 2.10	\$ 32.55	
Belthalto	\$ 12.86	1000	\$ 4.84	\$ 32.22	
Marion	\$ 14.46	2000	\$ 5.92	\$ 32.22	
Wood River	\$ 6.32	1000	\$ 6.32	\$ 31.60	
Murphysboro	\$ 25.36	2500	\$ 2.15	\$ 30.74	
Breese	\$ 13.74	1000	\$ 3.74	\$ 28.70	
East Alton	\$ 7.00	2000	\$ 4.10	\$ 19.30	
Roxana	\$ 5.50	1000	\$ 2.44	\$ 15.26	
<b>Area Average Water Rates based on Average Usage (Excl. Columbia)</b>				<b>\$</b>	<b>41.64</b>

Area Sewer Rates					
Average Usage for Columbia Residential Customers			5000 gallons/month		
Community	Base Charge	Minimum	Charge for	Monthly	
	per minimum	Usage	Next 1000 gal	Charge	
	\$ gallons/month	gallons/month	\$/1000 gallons	5000 gallons/month	
Freeburg	\$ 24.00	1000	\$ 13.00	\$	76.00
Trenton	\$ 19.63	1000	\$ 11.23	\$	64.55
Mt. Vernon	\$ 12.44	1000	\$ 11.97	\$	60.32
Mascoutah	\$ 22.22	0	\$ 6.22	\$	53.32
Pinckneyville	\$ 20.00	1000	\$ 7.50	\$	50.00
New Baden	\$ 19.00	2000	\$ 9.50	\$	47.50
Belthalto	\$ 10.00	1000	\$ 9.15	\$	46.60
Highland	\$ 10.00	0	\$ 7.10	\$	45.50
Troy	\$ 11.59	2000	\$ 9.96	\$	41.47
Waterloo	\$ 16.18	2000	\$ 7.25	\$	37.93
Greenville	\$ 13.93	2000	\$ 7.54	\$	36.55
Salem	\$ 15.64	1000	\$ 5.15	\$	36.24
Nashville	\$ 14.40	2000	\$ 7.20	\$	36.00
Centralia	\$ 11.28	1000	\$ 5.99	\$	35.24
<b>Columbia (May 1, 2024)</b>	<b>\$ 13.19</b>	<b>0</b>	<b>\$ 3.95</b>	<b>\$</b>	<b>32.94</b>
Carlyle	\$ 26.25	2000	\$ 2.10	\$	32.55
Marion	\$ 19.79	2000	\$ 4.22	\$	32.45
Murphysboro	\$ 25.36	2500	\$ 2.15	\$	30.74
Breese	\$ 13.74	1000	\$ 3.74	\$	28.70
Wood River	\$ 5.39	1000	\$ 5.39	\$	26.95
East Alton	\$ 12.75	2000	\$ 1.20	\$	16.35
<b>Area Average Sewer Rates based on Average Usage (Excl. Columbia)</b>				<b>\$</b>	<b>41.75</b>