



July 16, 2026

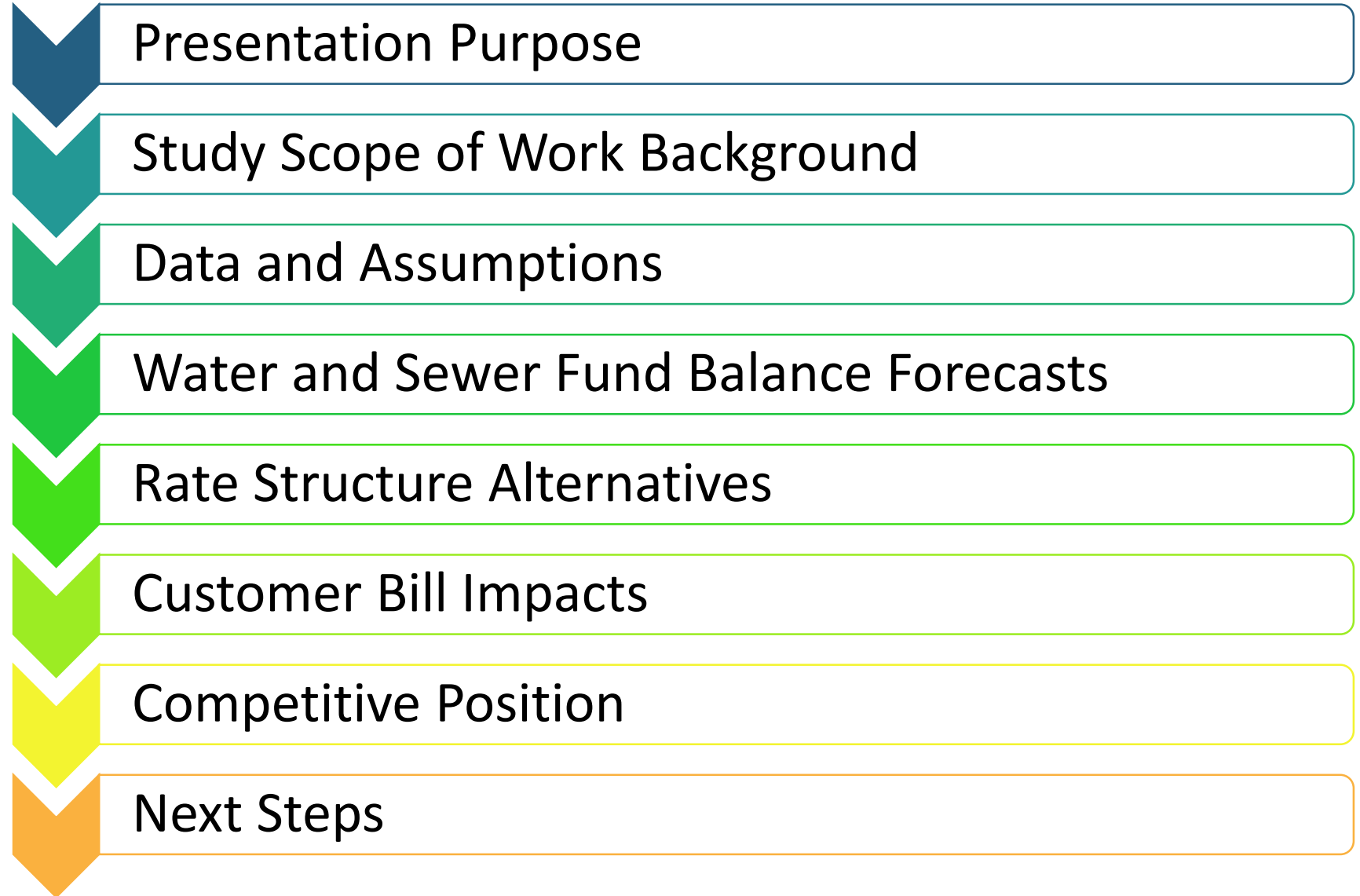
WATER AND SEWER RATE STUDY

2027 – 2031 RATE FORECASTS

VILLAGE OF OAK PARK FINANCE COMMITTEE



AGENDA



WHAT WE ARE ASKING FOR THIS EVENING

- Recommendations on path forward for Water and Sewer rates for 2027 – 2031 related to:
 - Overall revenue increases
 - Fixed vs. Variable revenue recovery
 - Alternative water rate structure



PHASE II SCOPE OF WORK BACKGROUND

Task 3: Develop Rate Model Alternatives and Propose Water & Sewer Rates

- Develop rate model alternatives and calculate proposed water and sewer rates for the **five-year period beginning with fiscal year 2027.**
- Evaluate the impact of proposed rates on customer classes and compare proposed rates and fees to rate data for similar utilities in this region.
- Explore policy level strategies including but not limited to:
 - multi-year schedule of rate changes,
 - non-rate revenue enhancements,
 - deferring or accelerating capital, or
 - debt retirement and/or new debt
- Meet with Village staff to review rate model alternatives and proposed water & sewer rates.

Task 4: Prepare Final Report and Presentation

- Prepare report that outlines the proposed water & sewer rates and summarizes rate model alternatives, operational and policy level strategies, and potential impacts on customer classes.
- Work with Village staff to prepare and present a summary presentation to the Village Board.

Key Topics:

- Lead Service Line Replacement Plan funding
- Long-term water loss impact analysis
- Capital plan funding – is 100% PAYGO the right approach?
- Affordability / Rate Design

DATA AND KEY ASSUMPTIONS

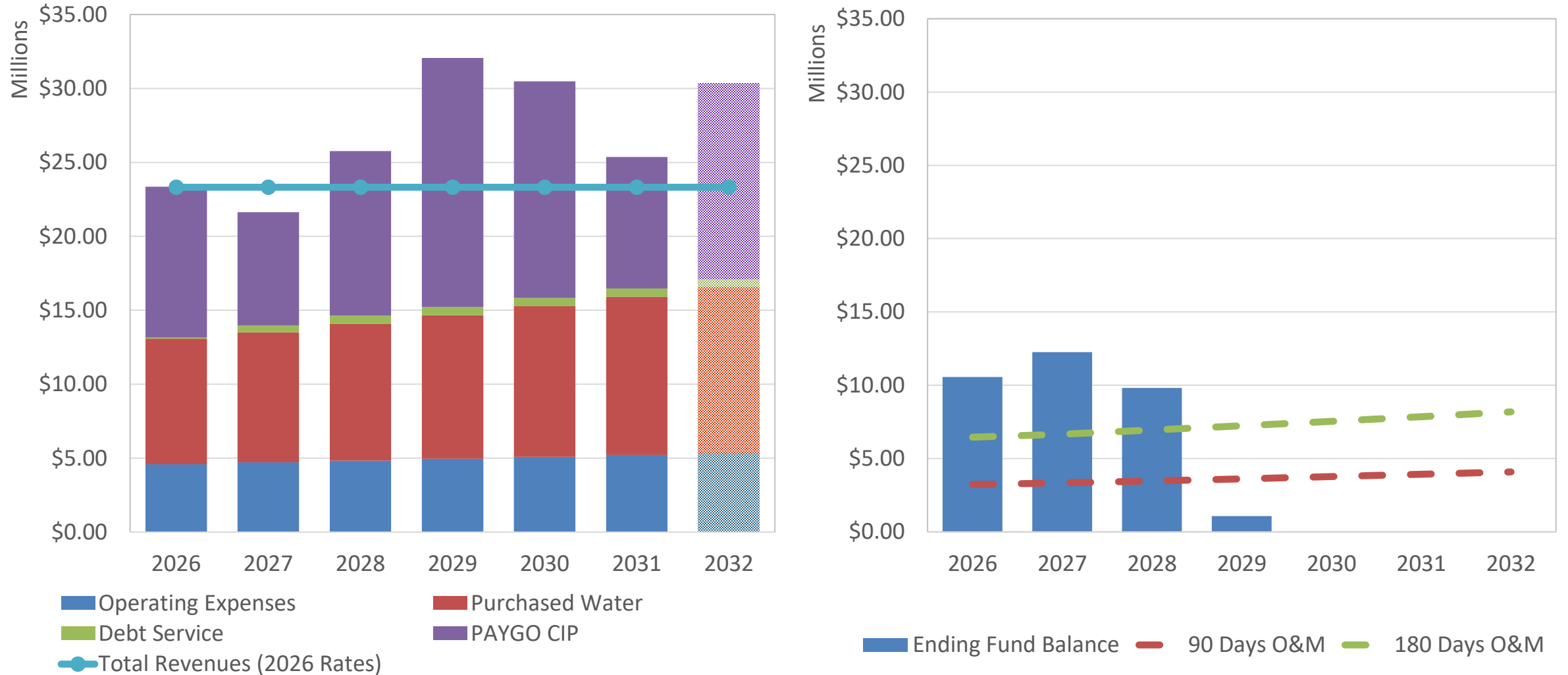
Data Inputs

- 2026 Operating and Maintenance Budget
- Estimated 2027 – 2031 Capital Plan
- Series 2026A Debt Service
- Estimated end of 2026 Water and Sewer Fund Balance
- 2024 Customer and Consumption data

Key Assumptions

- Estimated Series 2027 (Percy Julian Streetscape) debt service
 - All other capital PAYGO funded
- 21% Non-Revenue Water
- No customer growth / decline
- No price elasticity
 - Customer demand not impacted by price changes

WATER AND SEWER FUND FORECAST AT 2026 RATES

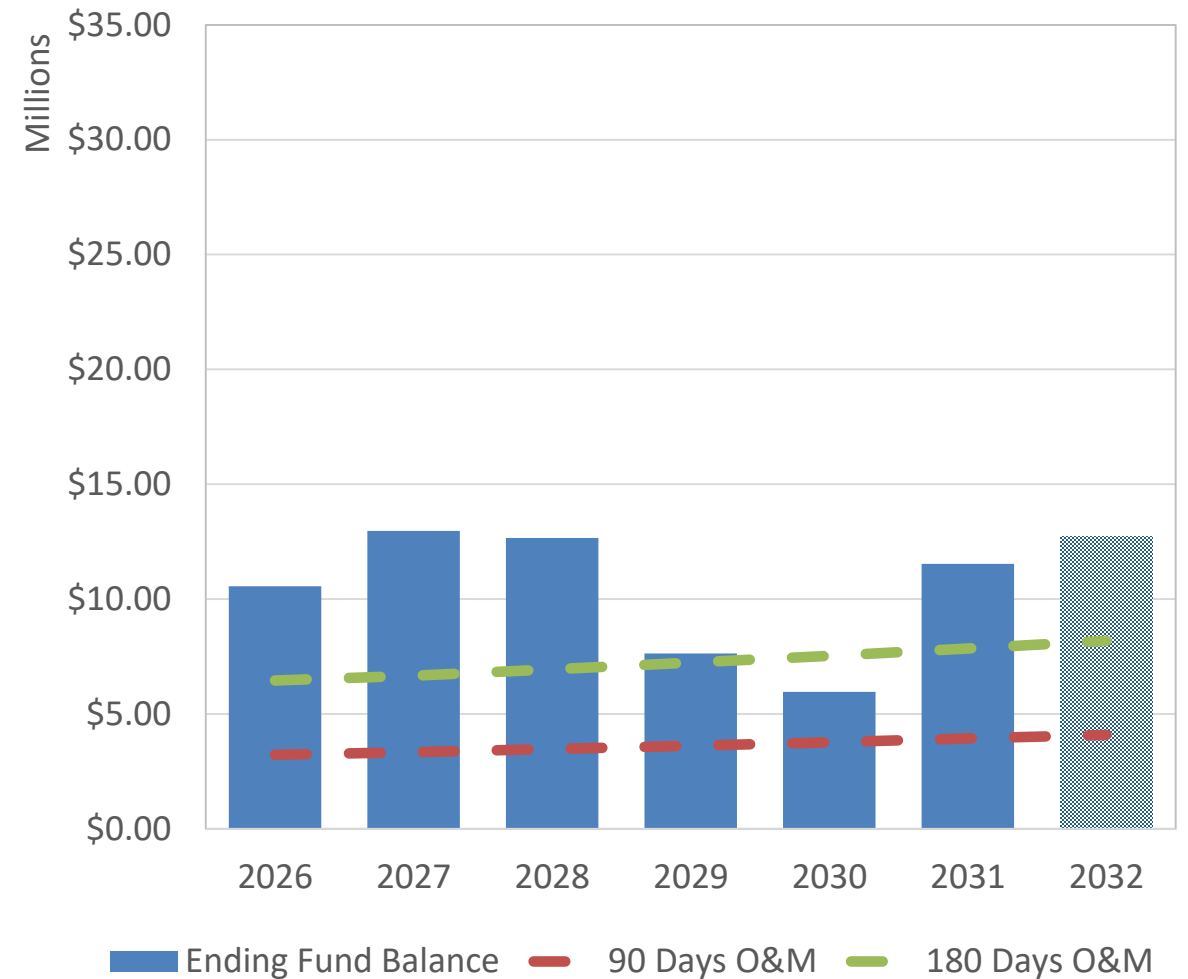
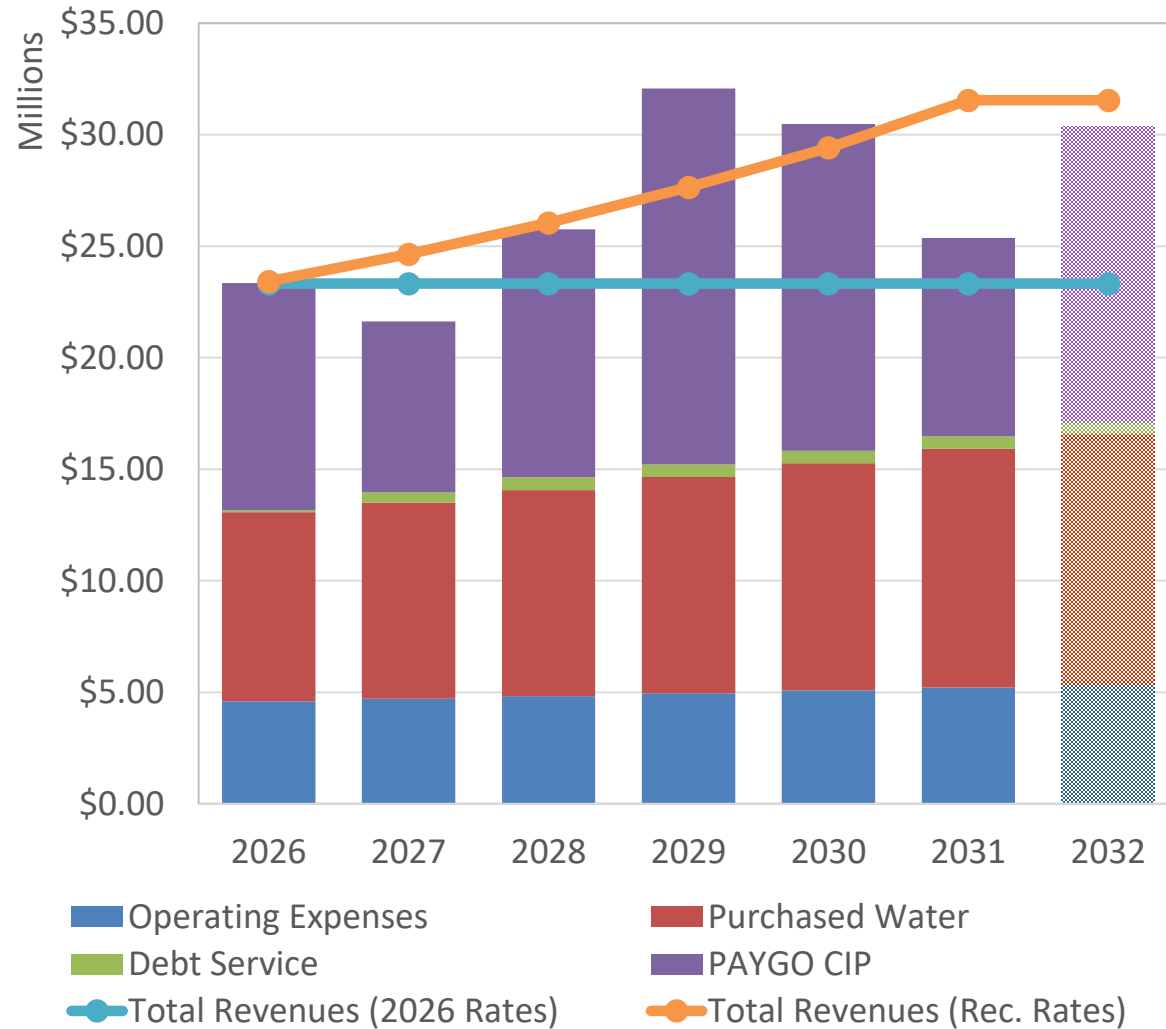


RECOMMENDED FINANCIAL PLAN

- Phase-in water and sewer rate increases over five years to meet financial needs of the systems.
- Continue to increase fixed revenue recovery from 8.8% to ≈20% over the five-year phase-in.

Rate Adjustments	Adopted 2026	2027	2028	2029	2030	2031
Service Charge	100.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Water Rate	5.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Sewer Rate	5.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Overall Rate Revenue Increase	9.6%	4.9%	5.5%	5.9%	6.3%	7.2%
Fixed % of Revenue	8.8%	10.5%	12.6%	15.0%	17.6%	20.8%

W/S FUND FORECAST AT RECOMMENDED REVENUES



ALTERNATIVE RATE STRUCTURE

	2026	2027	Alt. 2027	% Difference
<u>Monthly Service Charge</u>				
1" or Under	\$12.00	\$15.00	\$15.00	0%
1 ½" – 3"	\$24.00	\$30.00	\$30.00	0%
4" or Larger	\$36.00	\$45.00	\$45.00	0%
<u>Water Rates (per kgal)</u>				
Tier 1 : 0 - 7,000	\$11.94	\$12.30	\$11.94	(2.9%)
Tier 2 : Over 7,000	\$11.94	\$12.30	\$12.42	1.0%
<u>Sewer Rate (per kgal)</u>				
Sewer Rate (per kgal)	\$3.42	\$3.53	\$3.53	0%
<u>% Increase in Revenues</u>				
		4.9%	4.9%	

- Basis for Tier 1 cutoff:
 - Indoor, “basic water needs”.
 - 34 gallons per day per capita for 2.3-person household.
 - 7,000 gallons / quarter.
- Maintain 2026 volumetric rate for usage within Tier 1.
 - 20% of bills / 25% of usage
- Revenue increases from three sources:
 - Service Charges
 - Tier 2 Water Rate
 - Sewer Rate

RATE INCREASE PHASE-IN (ALTERNATIVE WATER RATES)

Recommended Rates	2026	2027	2028	2029	2030	2031
Monthly Service Charge	\$12.00	\$15.00	\$19.00	\$24.00	\$30.00	\$38.00
Water Tier 1	\$11.94	\$11.94	\$11.94	\$11.94	\$11.94	\$11.94
Water Tier 2	\$11.94	\$12.42	\$12.92	\$13.44	\$13.98	\$14.54
Sewer	\$3.42	\$3.53	\$3.63	\$3.74	\$3.85	\$3.97
Monthly Service Charge*		25.0%	26.7%	26.3%	25.0%	26.7%
Water Tier 1		0.0%	0.0%	0.0%	0.0%	0.0%
Water Tier 2		4.0%	4.0%	4.0%	4.0%	4.0%
Sewer		3.0%	3.0%	3.0%	3.0%	3.0%

* Percentages differ due to rate rounding.

- Goals accomplished: Increased fixed revenue recovery, volumetric water rate freeze for bills <7 kgal/qr., full funding of operating and capital costs, maintenance of minimum reserve policy.

CUSTOMER BILL IMPACTS – QUARTERLY BILL INCREASES

Customer Usage	Adopted 2026	Projected 2027	Projected 2028	Projected 2029	Projected 2030	Projected 2031
7 kgal	\$23 19.2%	\$10 6.8%	\$13 8.3%	\$16 9.5%	\$19 10.3%	\$25 12.4%
12 kgal	\$27 13.8%	\$13 5.7%	\$16 6.8%	\$19 7.6%	\$22 8.2%	\$28 9.7%
14 kgal	\$28 12.7%	\$14 5.5%	\$17 6.4%	\$20 7.2%	\$23 7.7%	\$30 9.1%
29 kgal	\$39 8.9%	\$22 4.7%	\$26 5.2%	\$30 5.6%	\$33 5.9%	\$40 6.7%
36 kgal	\$44 8.1%	\$27 4.5%	\$30 4.9%	\$34 5.3%	\$38 5.6%	\$44 6.2%
45 kgal	\$51 7.5%	\$32 4.4%	\$36 4.7%	\$40 5.0%	\$44 5.2%	\$51 5.8%
72 kgal	\$71 6.6%	\$47 4.2%	\$52 4.4%	\$57 4.6%	\$61 4.7%	\$69 5.1%

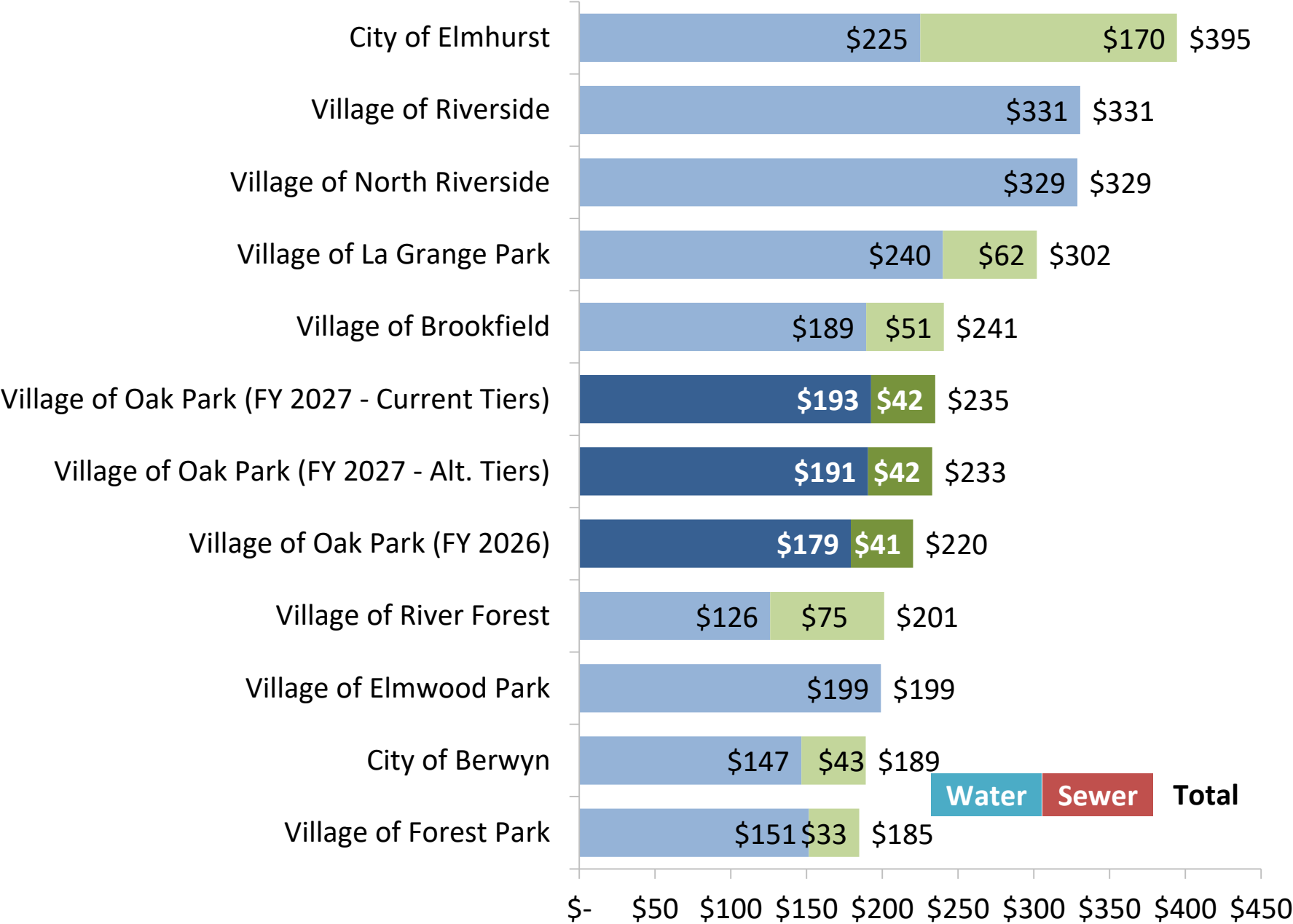
CUSTOMER BILL IMPACTS – RATE STRUCTURE VARIANCE

Alternative vs. Current Structure — Total Quarterly Bill Variance, 2027–2031 (negative = Alternative is lower)

Customer Usage	2027	2028	2029	2030	2031
7 kgal	(\$2.51) (1.6%)	(\$5.09) (3.0%)	(\$7.75) (4.1%)	(\$10.49) (5.0%)	(\$13.31) (5.6%)
12 kgal	(\$1.91) (0.8%)	(\$3.83) (1.5%)	(\$5.79) (2.1%)	(\$7.77) (2.6%)	(\$9.80) (3.0%)
14 kgal	(\$1.67) (0.6%)	(\$3.33) (1.2%)	(\$5.01) (1.6%)	(\$6.69) (2.0%)	(\$8.40) (2.3%)
29 kgal	\$0.12 0.0%	\$0.45 0.1%	\$0.86 0.2%	\$1.46 0.2%	\$2.11 0.3%
36 kgal	\$0.96 0.2%	\$2.22 0.3%	\$3.60 0.5%	\$5.26 0.7%	\$7.02 0.9%
45 kgal	\$2.03 0.3%	\$4.48 0.6%	\$7.12 0.9%	\$10.15 1.2%	\$13.33 1.5%
72 kgal	\$5.25 0.4%	\$11.28 0.9%	\$17.68 1.4%	\$24.81 1.9%	\$32.26 2.3%

COMPETITIVE POSITION

Average Quarterly Bill
1” or Less
12 kgal per Quarter



NEXT STEPS

- September 2026- provide formal recommendation to the Village Board based on feedback received from Finance Committee on July 16, 2026.
- November 2026- Rate adoption for rates effective January 1, 2027
 - Future rate increases effective January 1 each year thereafter



THANK YOU!

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