

PUBLIC UTILITIES ADVISORY BOARD AGENDA ITEM

ACTION REQUESTED:

Approve the staff recommendation on service levels and associated priorities to inform the 2025-2027 Water Rate Study

DEPARTMENT: Water Utilities

SUBMITTED BY: Darrell Blenniss, Director

BACKGROUND:

Serving more than 43,500 customers and a population of more than 145,000, Naperville's Water Utilities provides high-quality, reliable, and critical drinking water and wastewater treatment services to the community. Detailed financial planning, including annual budget development and periodic rate studies, is essential to provide continuity of services and sustainable capital investment.

The last water rate study was conducted in 2020 to help plan for financial needs through 2024, with the City Council approving rate increases that went into effect in January 2021.

DISCUSSION:

The Water Utilities has again partnered with a rate study consultant to perform a cost of service and fee study to set water and wastewater rates for 2025-2027. The Water Utilities intends to consider multiple funding strategies to support its recommended level of capital investment and model how these strategies will impact future rates.

Since the last rate study, the utility has completed an asset evaluation on the Springbrook Water Reclamation Center that, along with state and federal regulations, has highlighted an increased need for reinvestment in this critical public health asset. Aging infrastructure and regulatory requirements across all areas of the utility are also placing upward pressure on the need for additional infrastructure investment.

The upcoming rate study will review these specific service considerations and seek the best approach to balancing rates with service level expectations. As part of this process, staff is engaging both PUAB and the Financial Advisory Board (FAB) in service level and financial conversations, respectively. Staff's presentation at the Feb. 28 PUAB meeting will focus on recent operational trends, anticipated needs, and the impact of both of these areas on the rate study. Following this discussion and PUAB's recommendation, as in previous years, the rate consultant will model multiple scenarios for consideration by both FAB and, ultimately, the City Council.

ACTION REQUESTED

Staff requests PUAB provide a unified recommendation on service levels and associated priorities to inform modeled scenarios in the 2025-2027 Water Rate Study.