



# COURTESY NOTICE

## 2024 Rate Increase

December 1, 2023

*Account #*

Dear ,

This is a subject that does not make anyone happy. However, the LLUD must do what is necessary to keep our aging infrastructure viable for all who enjoy living in our beautiful community.

As mentioned in prior newsletters, we are having our water tower repaired and repainted starting in late spring 2024. It has been over 12 years since the last painting and repair, so it is beyond time to tackle that job. This is a cost of over \$330,000, but that is much lower than the cost of a new water tower which has a price tag of over \$1.1 million that was estimated a couple of years ago.

In addition, the IEPA (Illinois Environmental Protection Agency) is requiring us to make modifications to our wastewater treatment plant to bring it into compliance regarding the amount of ammonia we are putting out.

This is not a "it would be nice if you (the LLUD) would do this." It is an absolute requirement from the IEPA, or we face fines. We are working with our Engineering firm, Chamlin and Associates, on the necessary upgrades. The current bid for these required upgrades is up to \$639,760. Chamlin and Associates is also working on qualifying the LLUD for a low interest loan through the IEPA. The interest rate through the IEPA would be at 1.81% which is much lower than we could obtain elsewhere, so we are working closely with Chamlin to be sure we can qualify for an IEPA loan.

The LLUD has worked diligently trying to find alternative ways to fund our needs. For several weeks, we worked with a grant writer, provided for us through Ogle County, to see if we could qualify for any grants. After the grant writer tried several different avenues, each one became unavailable to us because our community's MHI (Median Household Income) was above the average that would have put us in the running for possible funds.

An additional step we took was having the Illinois Rural Water Association (IRWA) do a thorough rate study. We are very fortunate to be part of IRWA because the benefits, such as the rate study, are provided free to members. IRWA receives funds from the IEPA that allows them to perform things such as this for their members.

The gentleman who performed the rate study made several trips here from the Springfield area to gather data, ask questions, and review processes. Had we had to pay for this service by the hour, it would have been an exorbitant fee but, again, this was provided free through our membership.

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The result of his rate study was that we are close to having our rates where they should be for 2024 but could still increase rates over and above what we have planned for 2024.

To tie this altogether, our rates must be reported to the IEPA, who use that information, as well as other information, to determine if we qualify for their low interest loans, which means we must be able to prove we can make the payments for that loan.

Our engineering firm has reported the 2024 rates to the IEPA, so we are waiting to hear if we qualify for the low interest IEPA loan.

An advantage of qualifying for IEPA loans is we also have a chance that we can later apply for a partial loan forgiveness of up to 15% of the loan amount. Loan forgiveness would not be an option if we must apply for a different type of loan.

Effective on your February, 2024 bill, rates will be as follows:

- **Flat Water Usage:** \$50.00 per month / \$100.00 per bill (up to 10,000 gallons)
- **Water Usage Over 10,000 gallons:** \$10.00 / 1,000 gallons
- **Flat Sewer Usage:** \$62.50 per month / \$125.00 per bill
- **Water Availability:** \$15.00 per month per lot / \$30.00 per bill
- **Sewer Availability:** \$15.00 per month per lot / \$30.00 per bill

We know this is quite a jump in rates, but we also had over 10 years where there was no rate increase at all. Now we are trying to catch up. We did a rate study of our own and had we taken the rates from over 10 years ago that were held steady and applied a 3% rate increase year over year for that period of time, we would be nearly where we will be in 2024. Going forward we will have a minimum 3% per year rate increase to keep pace with inflation. If, for some reason, there is no need for a rate increase in any particular year, we can hold (skip) that year.

The LLUD strives every day to do our jobs and do what is right for our community. Please feel free to contact anyone on the board with questions. We are here to serve you and make our community a place people want to come to.

**Merry Christmas & Happy New Year!**

*The Lost Lake Utility District Board of Directors*

CHERI KEMP, HAL WARREN, ANNE HARMS, JOE BAJKO, RAY FORD, RICK REARDON