

PRESS RELEASE – VILLA GROVE PENDING UTILITY SALE

January, 2022

The City maintains separate water and wastewater systems for the people of Villa Grove. Since 2016 we have spent over \$4 million on the water system alone. In early 2020, we were presented with an engineering plan to spend about \$14 million on the wastewater system. We currently have about \$4 million of debt on the system.

Given these really big numbers, the City Council and I wanted to check out all of our options. We hired an engineering consultant out of Florida who is a national expert on analyzing systems like ours. Hartman Consultants looked at our systems, looked at our engineering reports, and talked to our engineers. After considering the age of our system, the anticipated expenses, and the value of the system, the consultants made a recommendation that we issue a request for proposals to look at selling the systems.

Our biggest worry about keeping the systems had to do with being able to afford to do so. In order to service our existing debt and then take on new debt, we were going to have to increase our water and sewer rates by a lot. We worried that many would simply not be able to afford the increases.

The consultant explained to us that if we were to sell the system, our rates would likely go down compared to what they would have to be if we kept it. That caught our attention.

After we did the RFP, we received an offer from Illinois American Water. Under the deal, they are going to build our new sewer plant and do a bunch of upgrades. They will pay us \$11 million so we can pay off our debt and have about \$7 million left over. More importantly, our customers will see a decrease in their rates and ultimately, we believe that any future rates will be much lower than what we would have had to charge our customers in the future.

A current water/wastewater user of 3,500 gallons a month pays the City \$81.00 per month for combined services; the rate in 2022 for Illinois American would be about \$69.53. A current City user of 4,500 gallons a month pays \$95.00 a month; the rate for 2022 for Illinois American would be \$82.83.

So, our community members get better rates, we get upgrades to our system, we avoid taking on a huge amount of new debt, we pay-off our existing debt, and we will have money left over. The deal got unanimous support from the City Council and the sale was approved in December.

It is now going through a review process with the ICC. We hope to formally close in about 6-8 months. I think that while this is a great deal for the City...it's a better one for our citizens.

Sincerely,

Cassandra A. Eversole-Gunter, Mayor