



Village of Lincolnwood
Water and Wastewater
Rate Study

November 2025



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Financial Plan

In 2025, Village of Lincolnwood (Village) engaged Raftelis to develop a water and wastewater rate study. The primary goal of the study was to determine the costs of providing water and wastewater services to the community and to establish rates that will reasonably provide for a sustainable utility system that meets the needs and expectations of the current and future customers.

This report presents five financial plan and rate options. Option 1 will fully fund the Village's capital plan of approximately \$6.5 million per year using a mix of cash and bond financing. This option will achieve the goal of fully cash funding the CIP by 2032, ending the need to issue long term debt for ongoing capital needs. The additional options allow for lower rate increases, but do not fully fund the CIP and rely on debt continuously through the study period.

Financial Planning Process

The general objective of the financial planning process is to arrive at the level of rate revenue required to provide for the financial sustainability of the Village of Lincolnwood (Village) into the future.

For this study, the financial plan was developed for the current fiscal year (FY25) and a ten-year forecast period (2026 to 2035). This report primarily presents the results of the first 5-year period, 2026 to 2030. The full 10-year plan allows the Village to evaluate trends over time and evaluate the impact of challenges that occur beyond 2030 but should be reevaluated before adopting rates for that period.

Existing Rates

The Village currently bills residential customers on a quarterly basis and non-residential customers every month. All customers are charged a Capital Improvement Fee of \$3.52 per month (or \$10.56 per quarter). Residential customers pay a Water Meter Fee of \$5.03 per quarter, while the non-residential Water Meter Fee is \$10.05 per month.

Additionally, the Village has a schedule of volumetric fees that are charged per unit of water used by each customer. The Water User Fee is \$6.52 per 1,000 gallons, the Sewer User Fee is \$1.12, and the Debt Service Fee is \$3.80 (a total of \$11.44 per 1,000 gallons of water used). The current rates went into effect on January 1, 2025.

A quarterly residential bill for a customer using 6,000 gallons per month (18,000 gallons quarterly) is calculated as follows:

$$(\$10.56 \text{ Capital Fee}) + (\$5.03 \text{ Water Meter Fee}) + (18 * \$11.44 \text{ Total Volumetric Charges}) = \$221.51$$

Utility Revenues

Table 1 summarizes the projected revenues under the Village's existing rates. The majority of the Village's revenues are derived from charges for water and wastewater service. Other revenues include turn on fees, late fees, interest income, and miscellaneous charges.

At current rates, the Village's rate revenues are projected to be about \$5 million per year. Miscellaneous revenues, primarily made of up interest income, are anticipated to decrease over the study period.

Table 1: Revenue at Existing Rates

Description	2025 Current	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast
Rate Revenue						
Water Sales	\$ 2,700,000	\$ 2,700,000	\$ 2,700,000	\$ 2,700,000	\$ 2,700,000	\$ 2,700,000
Water Meter Fee	130,000	130,000	130,000	130,000	130,000	130,000
Debt Service Fee	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000
Capital Improvement Fee	210,000	210,000	210,000	210,000	210,000	210,000
Sewer Use Fee	460,000	460,000	460,000	460,000	460,000	460,000
Subtotal	\$ 5,050,000					
Non-Rate Revenue	\$ 372,900	\$ 208,119	\$ 154,971	\$ 171,932	\$ 184,209	\$ 197,823
Total	\$ 5,422,900	\$ 5,258,119	\$ 5,204,971	\$ 5,221,932	\$ 5,234,209	\$ 5,247,823

Utility Expenditures

For sound financial operation of the Village's water and wastewater systems, the revenues generated must be sufficient to meet the revenue requirements or cash obligations of the system. Revenue requirements include O&M expenses, rate funded capital improvement program (CIP) expenditures, and principal and interest payments on existing and proposed debt.

Operation and Maintenance Expenses

Table 2 below indicates the projected O&M expenditures. The forecast utilizes the Village's 2025 budget as a starting point to which an inflation factor is applied. Most expenses are expected to increase 4% per year. This cost escalation is similar to that experienced by other utilities.

Table 2: Operating Expense Forecast

Description	2025 Current	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast
O&M						
Administration	\$ 206,765	\$ 215,036	\$ 223,637	\$ 232,583	\$ 241,886	\$ 251,561
Personnel	1,012,137	1,052,622	1,094,727	1,138,516	1,184,057	1,231,419
Services	438,300	606,072	630,315	655,527	681,749	709,019
Commodities	1,053,900	1,091,556	1,130,561	1,170,963	1,212,812	1,256,161
General Fund	600,000	600,000	600,000	600,000	600,000	600,000
Total	\$ 3,311,102	\$ 3,565,286	\$ 3,679,240	\$ 3,797,589	\$ 3,920,503	\$ 4,048,160

Capital Improvement Program

The Village has developed a capital improvement plan (CIP) to address current and future water and wastewater system needs. Over the study period, the CIP includes \$7.7 million of lead service line replacements, \$22.9 million water and sewer line improvements, \$6.2 million of other work such as vehicle replacements and facility improvements, and \$6.7 million associated with engineering and oversight related to construction of these projects. Raftelis has assumed 5% annual cost inflation for capital expenses; the full CIP cost through 2030 is expected to be \$49 million.

Table 3: Capital Improvement Plan

Description	2025 Current	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast
Project Type						
Lead Service Line Replacements	\$ 1,420,000	\$ 1,420,000	\$ 1,420,000	\$ 1,420,000	\$ 1,000,000	\$ 1,000,000
Water Main Improvements	3,800,000	4,111,000	4,504,000	3,252,000	3,252,000	3,252,000
Sewer Lining	120,000	120,000	120,000	120,000	120,000	120,000
Facility Improvements	852,000	522,500	500,000	500,000	500,000	500,000
Vehicles and Equipment	70,000	100,000	100,000	100,000	100,000	100,000
Other	528,000	348,000	348,000	348,000	348,000	348,000
Engineering	640,800	678,120	725,280	575,040	524,640	524,640
Oversight	534,000	565,100	604,400	479,200	437,200	437,200
Total (Current Year Dollars)	\$ 7,964,800	\$ 7,864,720	\$ 8,321,680	\$ 6,794,240	\$ 6,281,840	\$ 6,281,840
Total (Future Year Dollars)	7,964,800	8,257,956	9,174,652	7,865,182	7,635,616	8,017,397

Rate Scenario Option 1

Capital Improvement Plan Financing – Rate Option 1

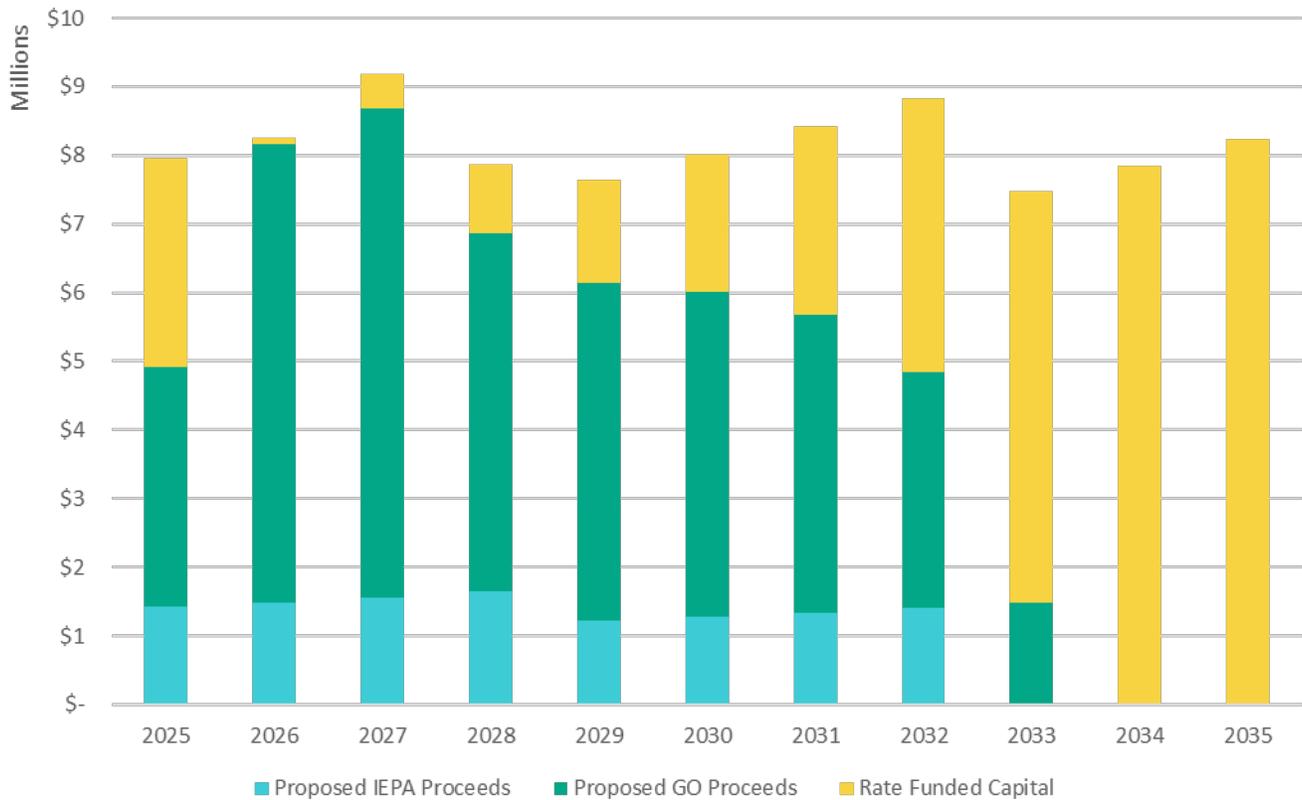
Raftelis developed two options for financing the CIP. In Rate Option 1, the Village will rely on issuing general obligation bonds heavily in the first years, while increasing the amount of cash generated by rates that will be available to fund future projects. By 2030, rate funded capital will reach \$2 million annually. Raftelis estimates that this financing and rate plan will allow the Village to complete the 2018 Water Main Improvement Plan by 2032. Additionally, the Village will borrow from the state revolving loan fund each year to finance lead service line replacements at low borrowing costs.

Table 4: CIP Financing Plan - Rate Option 1

Description	2025 Current	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast
Sources of Funds						
Proposed IEPA Proceeds	\$ 1,420,000	\$ 1,491,000	\$ 1,565,550	\$ 1,643,828	\$ 1,215,506	\$ 1,276,282
Proposed GO Proceeds	3,500,000	6,666,956	7,109,102	5,221,355	4,920,110	4,741,115
Rate Funded Capital	3,044,800	100,000	500,000	1,000,000	1,500,000	2,000,000
Total	\$ 7,964,800	\$ 8,257,956	\$ 9,174,652	\$ 7,865,182	\$ 7,635,616	\$ 8,017,397
CIP Projects	\$ (7,964,800)	\$ (8,257,956)	\$ (9,174,652)	\$ (7,865,182)	\$ (7,635,616)	\$ (8,017,397)

Figure 1 presents the CIP financing plan in graphical form, illustrating the heavy use of debt issuance in early years and reducing bond issues as cash funding grows.

Figure 1: CIP Financing Plan – Rate Option 1



Debt Service Requirements – Rate Option 1

Debt service requirements consist of principal and interest payments on existing debt and debt proposed to be issued during the study period. The Village currently has debt service obligations associated with outstanding IEPA loans and G.O. bonds. The existing debt service payments are approximately \$1.6 million in 2025.

Table 5 indicates the Village’s projected debt service obligations under Rate Option 1.

Table 5: Debt Service Payments – Rate Option 1

Description	2025 <i>Current</i>	2026 <i>Forecast</i>	2027 <i>Forecast</i>	2028 <i>Forecast</i>	2029 <i>Forecast</i>	2030 <i>Forecast</i>
Projected Debt Service						
Existing Debt	\$ 1,655,616	\$ 1,850,345	\$ 1,854,816	\$ 1,672,544	\$ 1,820,594	\$ 1,822,801
Proposed IEPA Loans	-	70,000	138,426	235,127	336,664	411,743
GO Bonds	-	-	495,472	1,023,803	1,411,842	1,777,492
Total	\$ 1,655,616	\$ 1,920,345	\$ 2,488,714	\$ 2,931,474	\$ 3,569,099	\$ 4,012,037

Cash Flow Forecast – Rate Option 1

The final step in the development of the financial plan is the cash flow forecast. The cash flow forecast combines the forecast of rate revenues, operating expenses, rate funded capital, and debt service to determine the level of rate increases necessary.

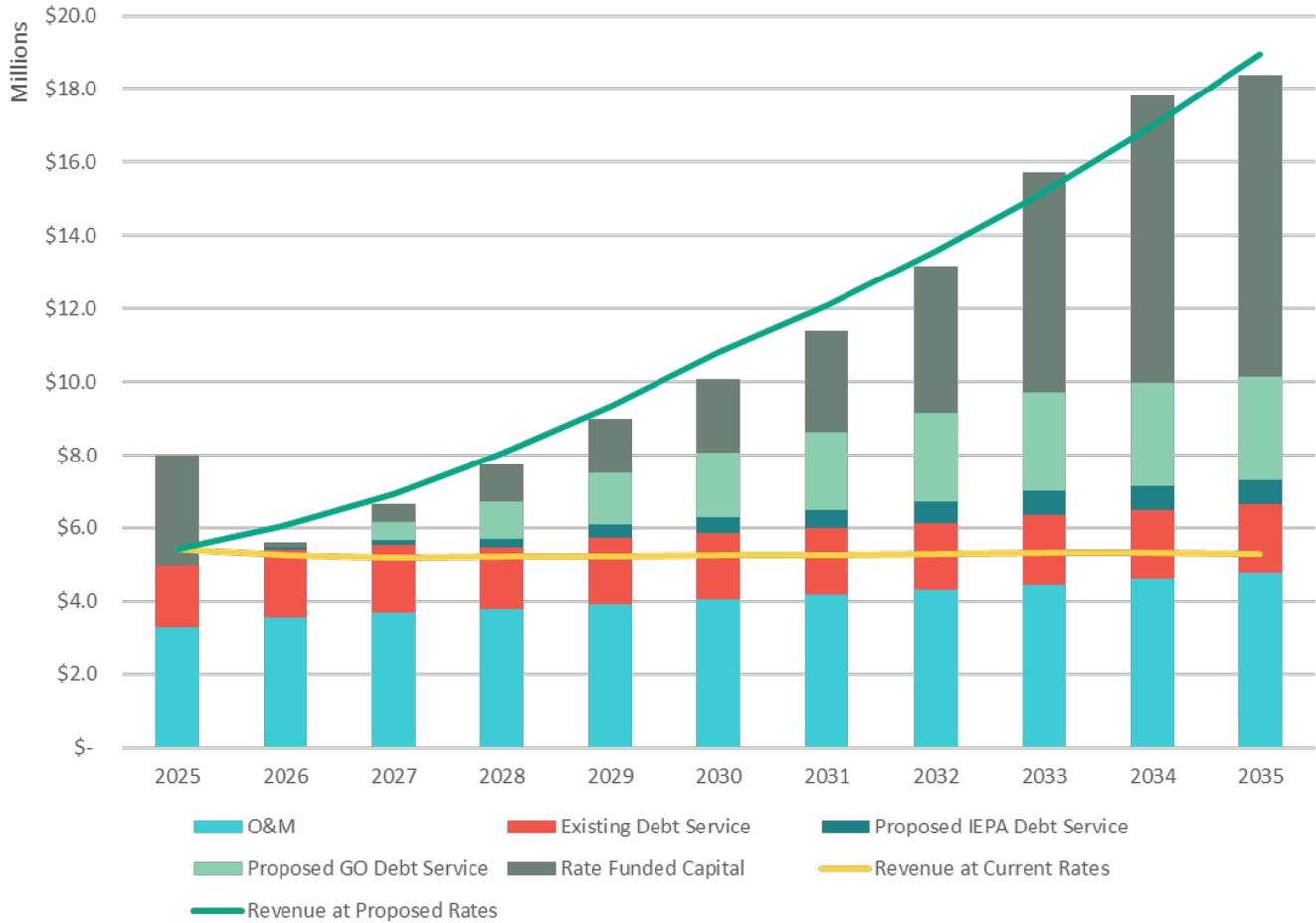
The forecast of Village revenues includes both the revenue under existing rates, as well as the additional revenue generated by the forecast revenue adjustments. For example, in 2026, it is anticipated that existing rates will generate \$5 million in water and wastewater sales. To ensure adequate recovery of the Village's revenue requirements, it is anticipated that additional revenue will be needed in 2026. This revenue will be generated by a January 1, 2026 rate increase of 16%. This increase results in an additional \$450 thousand in water and wastewater sales. To continue to adequately fund revenue requirements, annual rate adjustments of 16% are currently projected from 2026 to 2030.

Table 6 and Figure 2 show the operating financial plan for the next five years based on the revenue and expenses information presented above. The plan includes the above mentioned 16% revenue adjustments.

Table 6: Financial Plan – Rate Option 1

Description	2025 Budget	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast
Rate Increases		16%	16%	16%	16%	16%
Revenue						
Rate Revenue	\$ 5,050,000	\$ 5,858,000	\$ 6,795,280	\$ 7,882,525	\$ 9,143,729	\$ 10,606,725
Misc. Revenue	372,900	206,474	151,336	168,880	182,293	197,080
Total Revenue	<u>\$ 5,422,900</u>	<u>\$ 6,064,474</u>	<u>\$ 6,946,616</u>	<u>\$ 8,051,405</u>	<u>\$ 9,326,022</u>	<u>\$ 10,803,805</u>
Expenses						
Operating Expenses	\$ 3,311,102	\$ 3,565,286	\$ 3,679,240	\$ 3,797,589	\$ 3,920,503	\$ 4,048,160
Existing Debt Service	1,655,616	1,850,345	1,854,816	1,672,544	1,820,594	1,822,801
Proposed IEPA	-	70,000	138,426	235,127	336,664	411,743
Proposed Debt Service	-	-	495,472	1,023,803	1,411,842	1,777,492
Rate Funded Capital	3,044,800	100,000	500,000	1,000,000	1,500,000	2,000,000
Total Expenses	<u>\$ 8,011,518</u>	<u>\$ 5,585,631</u>	<u>\$ 6,667,954</u>	<u>\$ 7,729,064</u>	<u>\$ 8,989,603</u>	<u>\$ 10,060,196</u>
Contribution to Reserves	\$ (2,588,618)	\$ 478,843	\$ 278,662	\$ 322,341	\$ 336,419	\$ 743,609
Beginning Balance	\$ 3,007,699	\$ 419,081	\$ 897,924	\$ 1,176,586	\$ 1,498,927	\$ 1,835,346
Ending Balance	\$ 419,081	\$ 897,924	\$ 1,176,586	\$ 1,498,927	\$ 1,835,346	\$ 2,578,955
Target Balance	\$ 1,224,670	\$ 1,352,621	\$ 1,520,865	\$ 1,659,221	\$ 1,846,751	\$ 1,987,446

Figure 2: Financial Plan – Rate Option 1



Rate Scenario Option 2

Capital Improvement Plan Financing – Rate Option 2

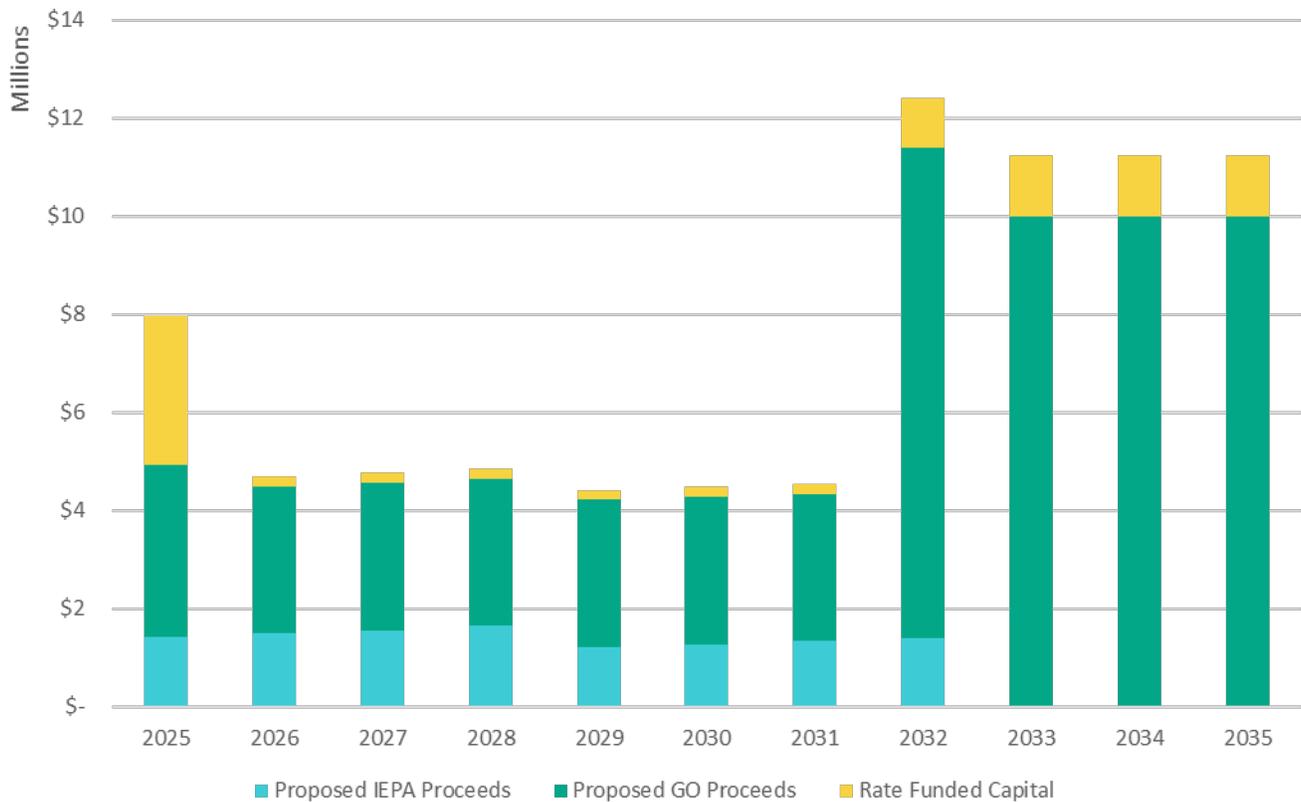
In Rate Option 2, the Village will rely on issuing general obligation bonds heavily throughout the period, keeping cash funding to a minimum in order to leverage rate revenue as much as possible. Additionally, the CIP will be significantly reduced, cutting non-lead service line projects from about \$6.5 million per year to \$3.2 million per year. Lead service lines are still fully funded using low interest state revolving fund loans. Through 2030, approximately \$17.8 million of projects will be uncompleted. The Village will be able to begin to catch up to uncompleted projects by issuing \$10 million annual bonds beginning in 2032. Raftelis estimates that the Village will complete the 2018 Water Main Improvement Plan by 2035 under this option, though much of that work will be delayed until 2032.

Table 7: CIP Financing Plan – Rate Option 2

Description	2025 <i>Current</i>	2026 <i>Forecast</i>	2027 <i>Forecast</i>	2028 <i>Forecast</i>	2029 <i>Forecast</i>	2030 <i>Forecast</i>
Sources of Funds						
Proposed IEPA Proceeds	\$ 1,420,000	\$ 1,491,000	\$ 1,565,550	\$ 1,643,828	\$ 1,215,506	\$ 1,276,282
Proposed GO Proceeds	3,500,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Rate Funded Capital	3,044,800	200,000	200,000	200,000	200,000	200,000
Total	\$ 7,964,800	\$ 4,691,000	\$ 4,765,550	\$ 4,843,828	\$ 4,415,506	\$ 4,476,282
CIP Projects						
Unfunded Projects	\$ 7,964,800	\$ 8,257,956	\$ 9,174,652	\$ 7,865,182	\$ 7,635,616	\$ 8,017,397
Cumulative Unfunded Projects	-	3,566,956	4,409,102	3,021,355	3,220,110	3,541,115
	-	3,566,956	7,976,058	10,997,413	14,217,522	17,758,637

Figure 3 presents the CIP financing plan in graphical form, illustrating the heavy use of debt issuance through the full study period.

Figure 3: CIP Financing Plan – Rate Option 2



Debt Service Requirements – Rate Option 2

Table 8 indicates the Village’s projected debt service obligations under Rate Option 2.

Table 8: Debt Service Payments – Rate Option 2

Description	2025 <i>Current</i>	2026 <i>Forecast</i>	2027 <i>Forecast</i>	2028 <i>Forecast</i>	2029 <i>Forecast</i>	2030 <i>Forecast</i>
Projected Debt Service						
Existing Debt	\$ 1,655,616	\$ 1,850,345	\$ 1,854,816	\$ 1,672,544	\$ 1,820,594	\$ 1,822,801
Proposed IEPA Loans	-	70,000	138,426	235,127	336,664	411,743
GO Bonds	-	-	222,953	445,905	668,858	891,811
Total	\$ 1,655,616	\$ 1,920,345	\$ 2,216,195	\$ 2,353,577	\$ 2,826,116	\$ 3,126,355

Cash Flow Forecast – Rate Option 2

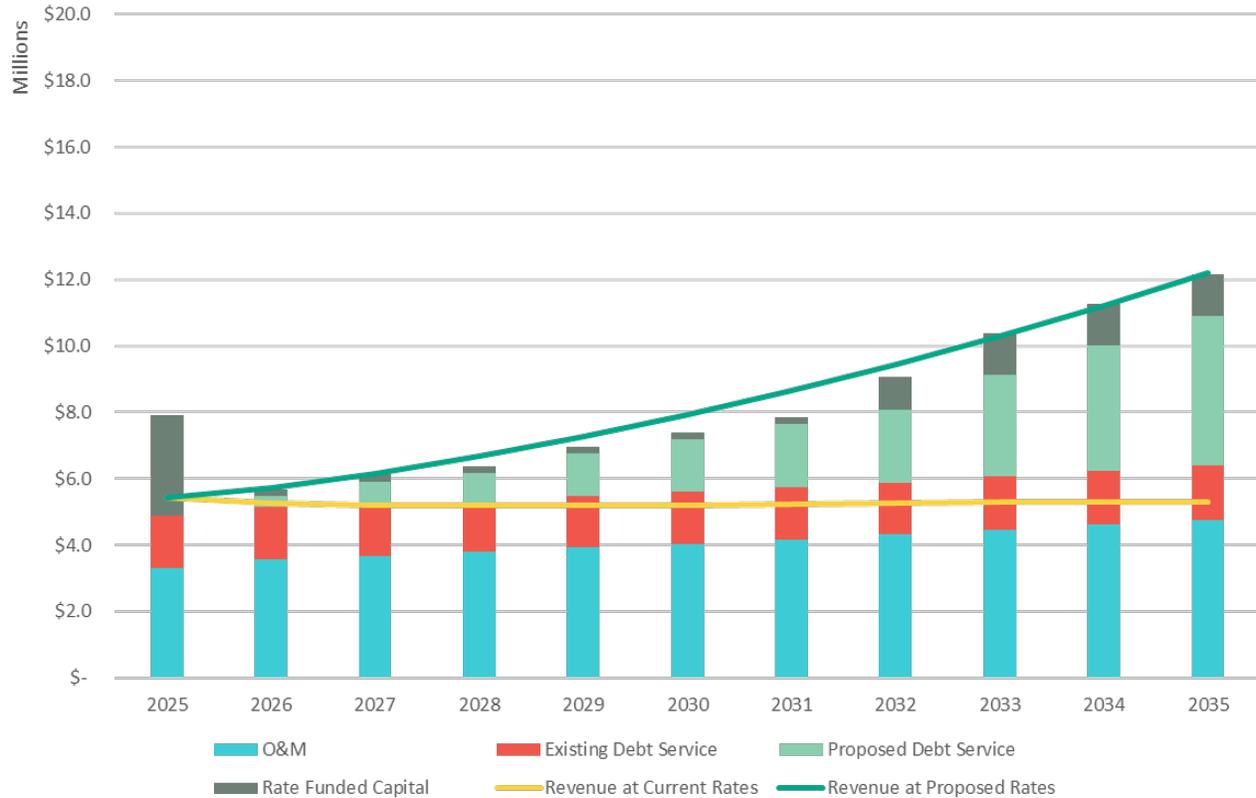
To adequately fund revenue requirements associated with the reduced capital improvement plan, annual rate adjustments of 9% are currently projected from 2026 to 2030.

Table 9 and Figure 4 show the operating financial plan for the next five years based on the revenue and expenses information presented above.

Table 9: Financial Plan – Rate Option 2

Description	2025 <i>Budget</i>	2026 <i>Forecast</i>	2027 <i>Forecast</i>	2028 <i>Forecast</i>	2029 <i>Forecast</i>	2030 <i>Forecast</i>
Rate Increases		9%	9%	9%	9%	9%
Revenue						
Rate Revenue	\$ 5,050,000	\$ 5,504,500	\$ 5,999,905	\$ 6,539,896	\$ 7,128,487	\$ 7,770,051
Misc. Revenue	372,900	206,474	142,266	143,834	151,653	166,638
Total Revenue	\$ 5,422,900	\$ 5,710,974	\$ 6,142,171	\$ 6,683,730	\$ 7,280,141	\$ 7,936,689
Expenses						
Operating Expenses	\$ 3,311,102	\$ 3,565,286	\$ 3,679,240	\$ 3,797,589	\$ 3,920,503	\$ 4,048,160
Existing Debt Service	1,655,616	1,850,345	1,854,816	1,672,544	1,820,594	1,822,801
Proposed IEPA	-	70,000	138,426	235,127	336,664	411,743
Proposed Debt Service	-	-	222,953	445,905	668,858	891,811
Rate Funded Capital	3,044,800	200,000	200,000	200,000	200,000	200,000
Total Expenses	\$ 8,011,518	\$ 5,685,631	\$ 6,095,435	\$ 6,351,166	\$ 6,946,619	\$ 7,374,515
Contribution to Reserves	\$ (2,588,618)	\$ 25,343	\$ 46,736	\$ 332,564	\$ 333,521	\$ 562,174
Beginning Balance	\$ 3,007,699	\$ 419,081	\$ 444,424	\$ 491,160	\$ 823,724	\$ 1,157,246
Ending Balance	\$ 419,081	\$ 444,424	\$ 491,160	\$ 823,724	\$ 1,157,246	\$ 1,719,420
<i>Target Balance</i>	<i>\$ 1,224,670</i>	<i>\$ 1,352,621</i>	<i>\$ 1,453,669</i>	<i>\$ 1,516,726</i>	<i>\$ 1,663,550</i>	<i>\$ 1,769,058</i>
Debt Service Coverage Ratio	1.28	1.16	1.19	1.36	1.35	1.43

Figure 4: Financial Plan – Rate Option 2



Rate Scenario Option 3

Capital Improvement Plan Financing – Rate Option 3

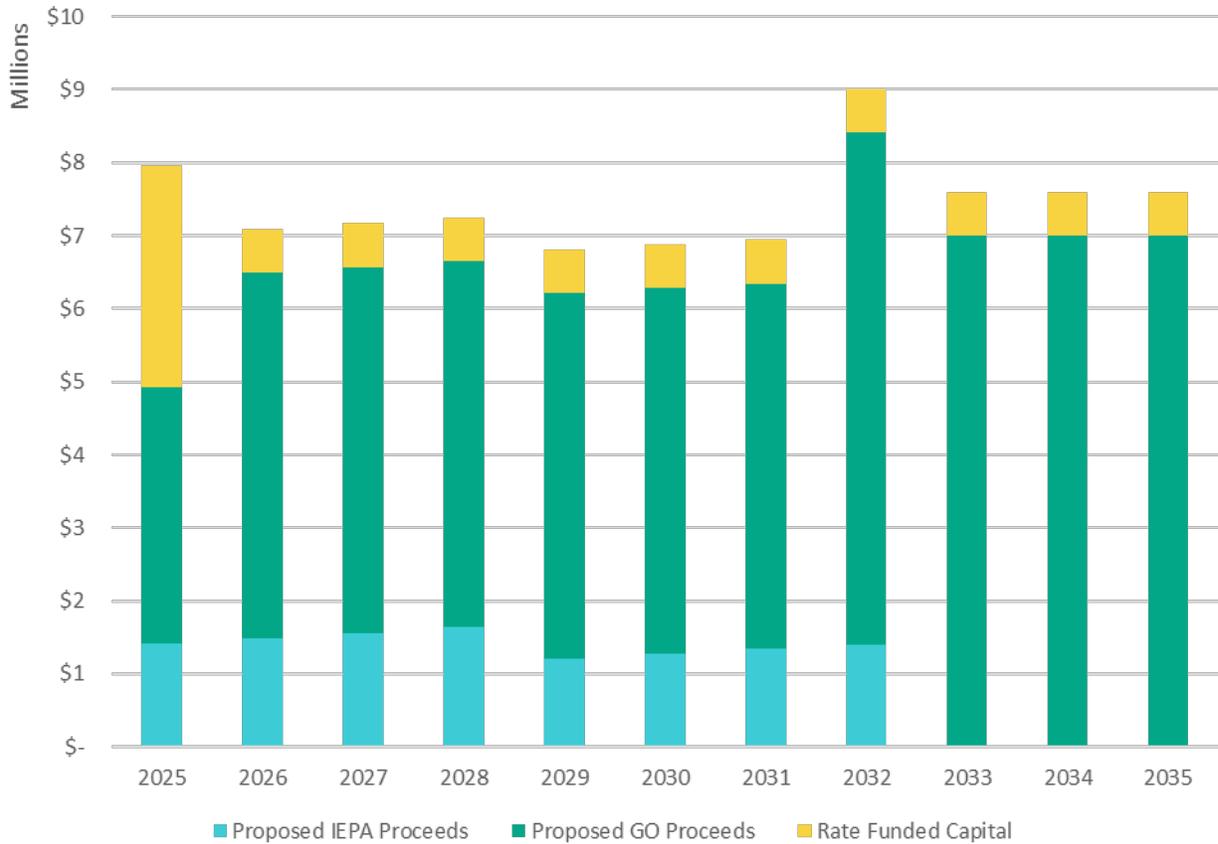
In Rate Option 3, the Village will rely on issuing general obligation bonds heavily throughout the period, keeping cash funding to a minimum in order to leverage rate revenue as much as possible. Additionally, the CIP will be significantly reduced, cutting non-lead service line projects to \$5.6 million per year. Lead service lines are still fully funded using low interest state revolving fund loans. Through 2030, approximately \$5.8 million of projects will be uncompleted. Raftelis estimates that the Village will complete the 2018 Water Main Improvement Plan by 2035 under this option.

Table 10: CIP Financing Plan - Rate Option 3

Description	2025 Current	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast
Sources of Funds						
Proposed IEPA Proceeds	\$ 1,420,000	\$ 1,491,000	\$ 1,565,550	\$ 1,643,828	\$ 1,215,506	\$ 1,276,282
Proposed GO Proceeds	3,500,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Rate Funded Capital	3,044,800	600,000	600,000	600,000	600,000	600,000
Total	\$ 7,964,800	\$ 7,091,000	\$ 7,165,550	\$ 7,243,828	\$ 6,815,506	\$ 6,876,282
CIP Projects						
Unfunded Projects	\$ 7,964,800	\$ 8,257,956	\$ 9,174,652	\$ 7,865,182	\$ 7,635,616	\$ 8,017,397
Cumulative Unfunded Projects	-	1,166,956	2,009,102	621,355	820,110	1,141,115
	-	1,166,956	3,176,058	3,797,413	4,617,522	5,758,637

Figure 5 presents the CIP financing plan in graphical form, illustrating the heavy use of debt issuance through the study period.

Figure 5: CIP Financing Plan – Rate Option 3



Debt Service Requirements – Rate Option 3

Debt service requirements consist of principal and interest payments on existing debt and debt proposed to be issued during the study period. Table 11 indicates the Village’s projected debt service obligations under Rate Option 3.

Table 11: Debt Service Payments – Rate Option 3

Description	2025 <i>Current</i>	2026 <i>Forecast</i>	2027 <i>Forecast</i>	2028 <i>Forecast</i>	2029 <i>Forecast</i>	2030 <i>Forecast</i>
Projected Debt Service						
Existing Debt	\$ 1,655,616	\$ 1,850,345	\$ 1,854,816	\$ 1,672,544	\$ 1,820,594	\$ 1,822,801
Proposed IEPA Loans	-	70,000	138,426	235,127	336,664	411,743
GO Bonds	-	-	371,588	743,176	1,114,764	1,486,351
Total	\$ 1,655,616	\$ 1,920,345	\$ 2,364,830	\$ 2,650,847	\$ 3,272,021	\$ 3,720,896

Cash Flow Forecast – Rate Option 3

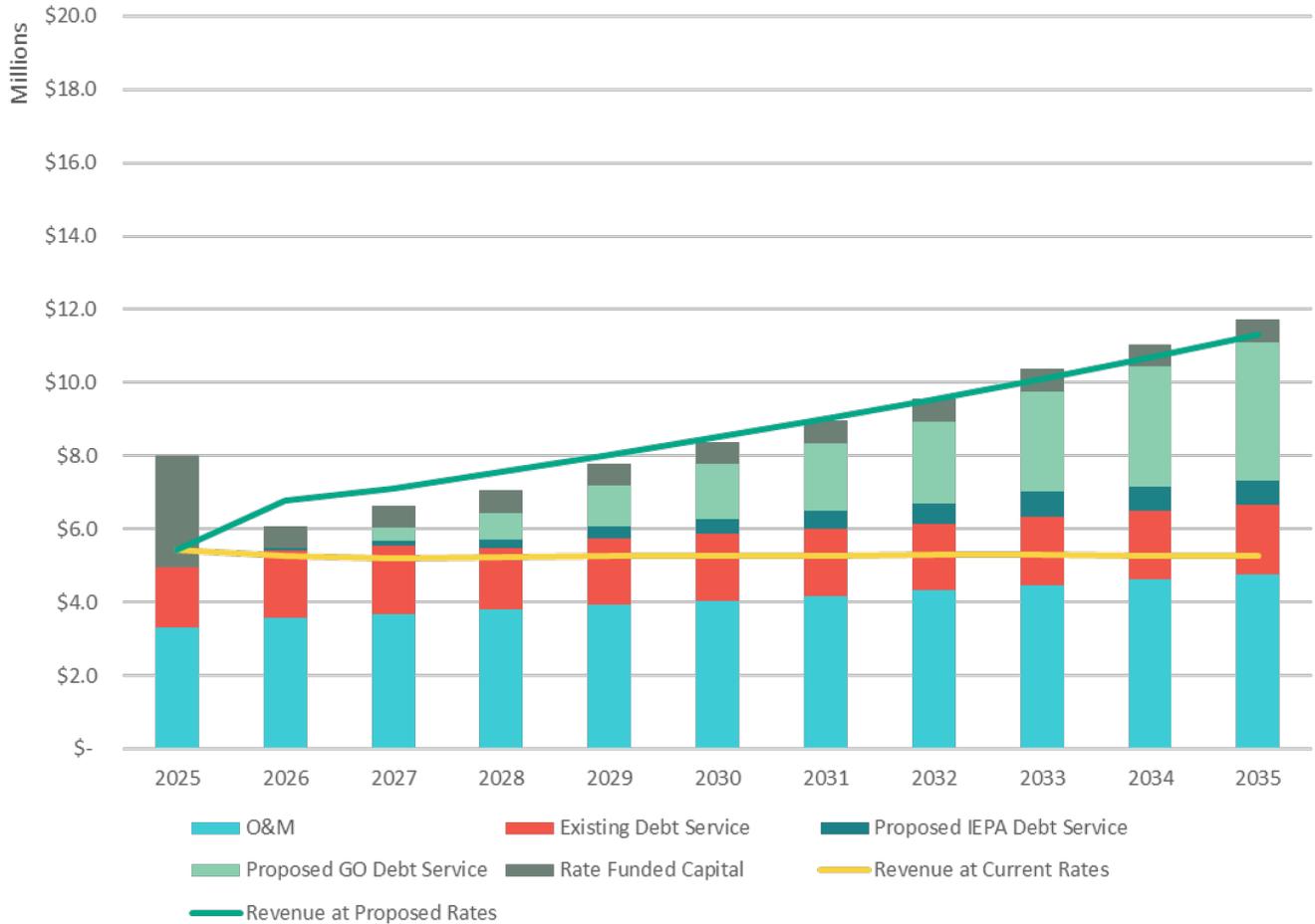
To adequately fund revenue requirements associated with the reduced capital improvement plan, the Village requires annual rate adjustments of 30% in 2026 and 6% each year thereafter.

Table 12 and Figure 6 show the operating financial plan for the next five years based on the revenue and expenses information presented above.

Table 12: Financial Plan – Rate Option 3

Description	2025 Budget	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast
Rate Increases		30%	6%	6%	6%	6%
Revenue						
Rate Revenue	\$ 5,050,000	\$ 6,565,000	\$ 6,958,900	\$ 7,376,434	\$ 7,819,020	\$ 8,288,161
Misc. Revenue	372,900	206,474	155,476	182,028	203,986	221,346
Total Revenue	\$ 5,422,900	\$ 6,771,474	\$ 7,114,376	\$ 7,558,462	\$ 8,023,006	\$ 8,509,507
Expenses						
Operating Expenses	\$ 3,311,102	\$ 3,565,286	\$ 3,679,240	\$ 3,797,589	\$ 3,920,503	\$ 4,048,160
Existing Debt Service	1,655,616	1,850,345	1,854,816	1,672,544	1,820,594	1,822,801
Proposed IEPA	-	70,000	138,426	235,127	336,664	411,743
Proposed Debt Service	-	-	371,588	743,176	1,114,764	1,486,351
Rate Funded Capital	3,044,800	600,000	600,000	600,000	600,000	600,000
Total Expenses	\$ 8,011,518	\$ 6,085,631	\$ 6,644,070	\$ 7,048,436	\$ 7,792,525	\$ 8,369,056
Contribution to Reserves	\$ (2,588,618)	\$ 685,843	\$ 470,306	\$ 510,026	\$ 230,481	\$ 140,452
Beginning Balance	\$ 3,007,699	\$ 419,081	\$ 1,104,924	\$ 1,575,230	\$ 2,085,255	\$ 2,315,737
Ending Balance	\$ 419,081	\$ 1,104,924	\$ 1,575,230	\$ 2,085,255	\$ 2,315,737	\$ 2,456,188
<i>Target Balance</i>	\$ 1,224,670	\$ 1,352,621	\$ 1,490,319	\$ 1,590,025	\$ 1,773,499	\$ 1,915,658
Debt Service Coverage Ratio	1.28	1.73	1.54	1.56	1.40	1.35

Figure 6: Financial Plan – Rate Option 3



Rate Scenario Option 4

Capital Improvement Plan Financing – Rate Option 4

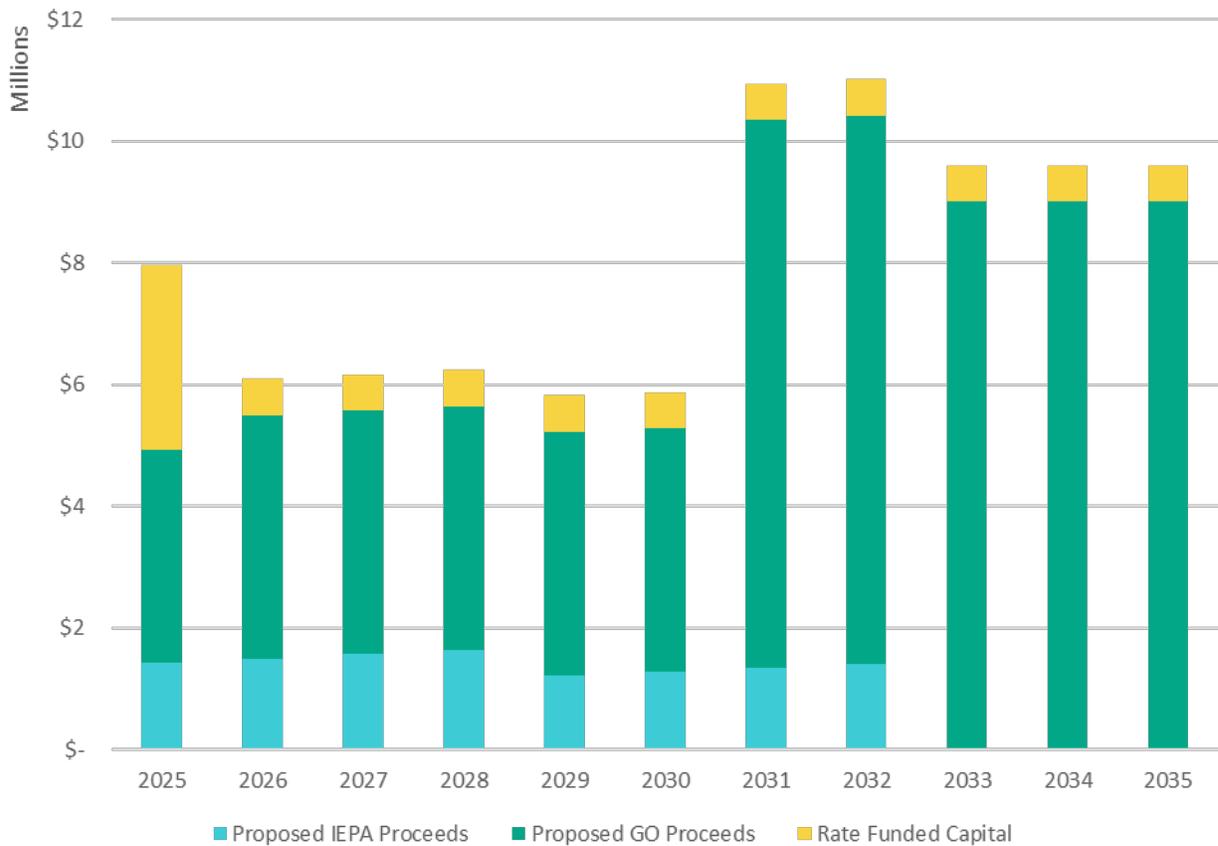
In Rate Option 4, the Village will rely on issuing general obligation bonds heavily throughout the period, keeping cash funding to a minimum in order to leverage rate revenue as much as possible. Additionally, the CIP will be significantly reduced, cutting non-lead service line projects to \$4.6 million per year. Lead service lines are still fully funded using low interest state revolving fund loans. Through 2030, approximately \$10.8 million of projects will be uncompleted. Raftelis estimates that the Village will complete the 2018 Water Main Improvement Plan by 2035 under this option.

Table 13: CIP Financing Plan - Rate Option 4

Description	2025 Current	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast
Sources of Funds						
Proposed IEPA Proceeds	\$ 1,420,000	\$ 1,491,000	\$ 1,565,550	\$ 1,643,828	\$ 1,215,506	\$ 1,276,282
Proposed GO Proceeds	3,500,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Rate Funded Capital	3,044,800	600,000	600,000	600,000	600,000	600,000
Total	\$ 7,964,800	\$ 6,091,000	\$ 6,165,550	\$ 6,243,828	\$ 5,815,506	\$ 5,876,282
CIP Projects						
Total	\$ 7,964,800	\$ 8,257,956	\$ 9,174,652	\$ 7,865,182	\$ 7,635,616	\$ 8,017,397
Unfunded Projects	-	2,166,956	3,009,102	1,621,355	1,820,110	2,141,115
Cumulative Unfunded Projects	-	2,166,956	5,176,058	6,797,413	8,617,522	10,758,637

Figure 7 presents the CIP financing plan in graphical form, illustrating the heavy use of debt issuance throughout the study period.

Figure 7: CIP Financing Plan – Rate Option 4



Debt Service Requirements – Rate Option 4

Debt service requirements consist of principal and interest payments on existing debt and debt proposed to be issued during the study period. Table 14 indicates the Village's projected debt service obligations under Rate Option 4.

Table 14: Debt Service Payments – Rate Option 4

Description	2025 Current	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast
Projected Debt Service						
Existing Debt	\$ 1,655,616	\$ 1,850,345	\$ 1,854,816	\$ 1,672,544	\$ 1,820,594	\$ 1,822,801
Proposed IEPA Loans	-	70,000	138,426	235,127	336,664	411,743
GO Bonds	-	-	297,270	594,541	891,811	1,189,081
Total	\$ 1,655,616	\$ 1,920,345	\$ 2,290,512	\$ 2,502,212	\$ 3,049,069	\$ 3,423,626

Cash Flow Forecast – Rate Option 4

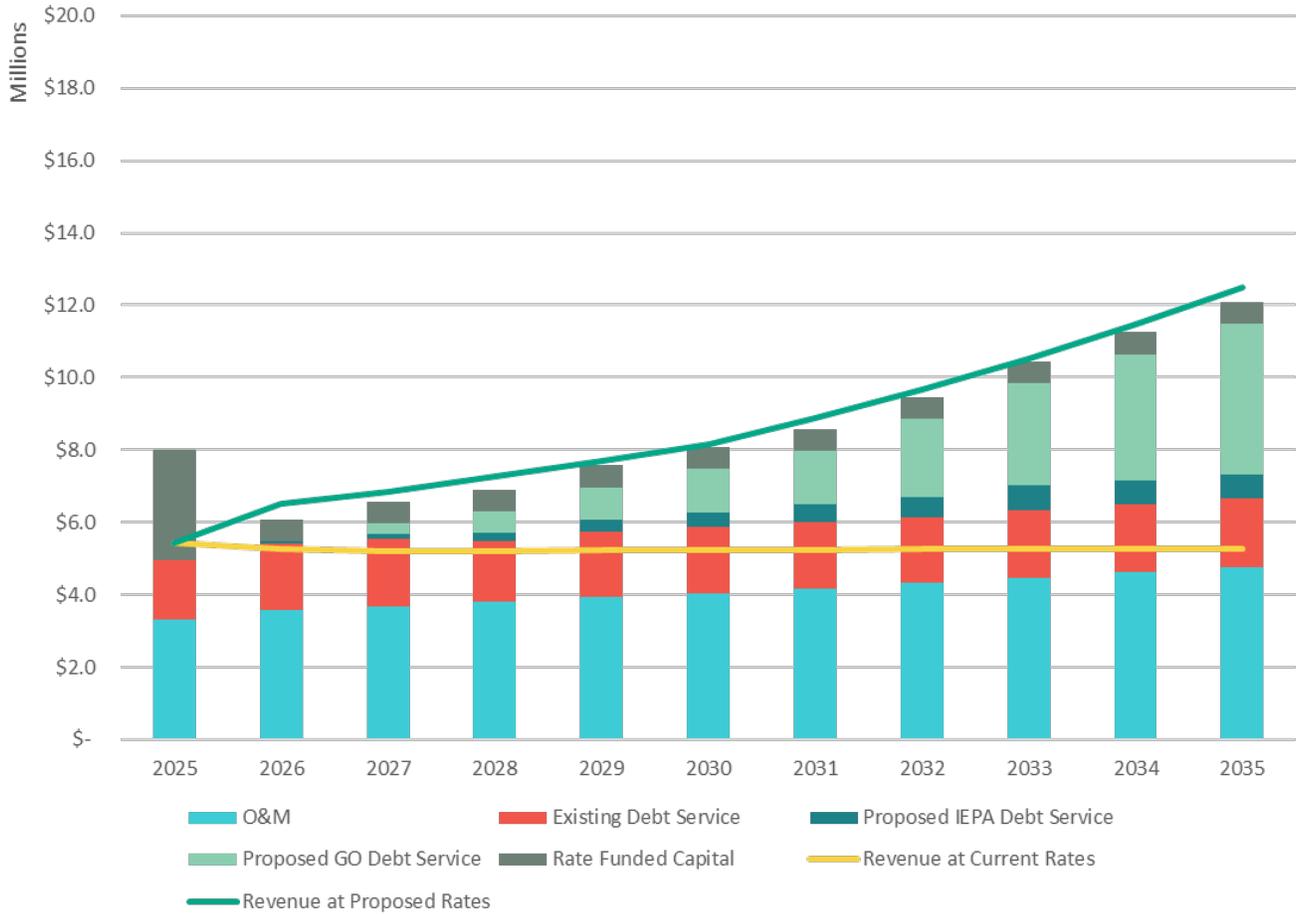
To adequately fund revenue requirements associated with the reduced capital improvement plan, the Village requires annual rate adjustments of 25% in 2026 and 6% each year thereafter.

Table 15 and Figure 8 show the operating financial plan for the next five years based on the revenue and expenses information presented above.

Table 15: Financial Plan – Rate Option 4

Description	2025 Budget	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast
Rate Increases		25%	6%	6%	6%	6%
Revenue						
Rate Revenue	\$ 5,050,000	\$ 6,312,500	\$ 6,691,250	\$ 7,092,725	\$ 7,518,289	\$ 7,969,386
Misc. Revenue	372,900	206,474	150,426	166,698	180,688	192,267
Total Revenue	\$ 5,422,900	\$ 6,518,974	\$ 6,841,676	\$ 7,259,423	\$ 7,698,977	\$ 8,161,653
Expenses						
Operating Expenses	\$ 3,311,102	\$ 3,565,286	\$ 3,679,240	\$ 3,797,589	\$ 3,920,503	\$ 4,048,160
Existing Debt Service	1,655,616	1,850,345	1,854,816	1,672,544	1,820,594	1,822,801
Proposed IEPA	-	70,000	138,426	235,127	336,664	411,743
Proposed Debt Service	-	-	297,270	594,541	891,811	1,189,081
Rate Funded Capital	3,044,800	600,000	600,000	600,000	600,000	600,000
Total Expenses	\$ 8,011,518	\$ 6,085,631	\$ 6,569,752	\$ 6,899,801	\$ 7,569,572	\$ 8,071,785
Contribution to Reserves	\$ (2,588,618)	\$ 433,343	\$ 271,923	\$ 359,622	\$ 129,405	\$ 89,867
Beginning Balance	\$ 3,007,699	\$ 419,081	\$ 852,424	\$ 1,124,347	\$ 1,483,969	\$ 1,613,373
Ending Balance	\$ 419,081	\$ 852,424	\$ 1,124,347	\$ 1,483,969	\$ 1,613,373	\$ 1,703,241
<i>Target Balance</i>	<i>\$ 1,224,670</i>	<i>\$ 1,352,621</i>	<i>\$ 1,471,994</i>	<i>\$ 1,553,376</i>	<i>\$ 1,718,525</i>	<i>\$ 1,842,358</i>

Figure 8: Financial Plan – Rate Option 4



Rate Scenario Option 5

Capital Improvement Plan Financing – Rate Option 5

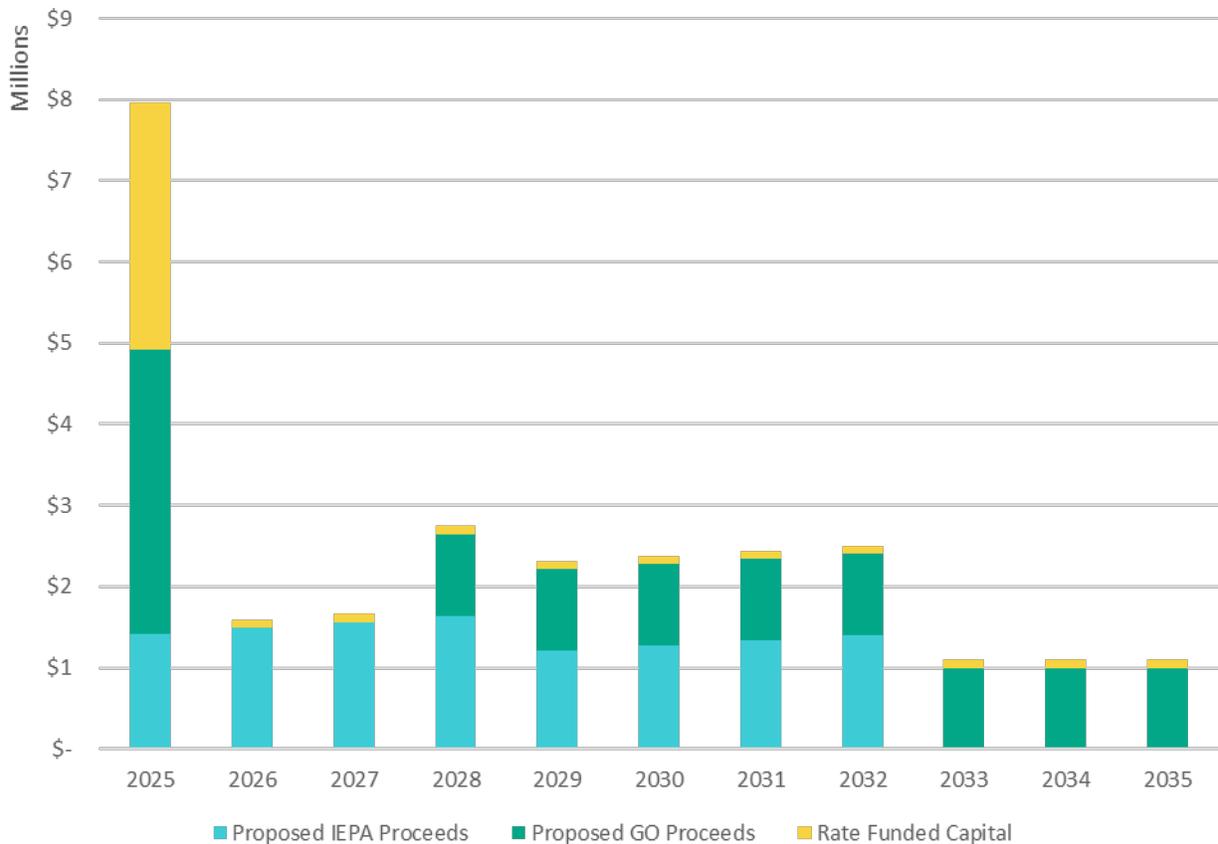
Rate Option 5 was developed to demonstrate the impact of implementing only inflationary rate increases. The Village would have to nearly eliminate the full CIP in 2026 and 2027 and only be able to complete approximately \$1.1 million of projects in the following years. By 2030, more than \$30 million of projects would be unfunded.

Table 16: CIP Financing Plan - Rate Option 5

Description	2025 Current	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast
Sources of Funds						
Proposed IEPA Proceeds	\$ 1,420,000	\$ 1,491,000	\$ 1,565,550	\$ 1,643,828	\$ 1,215,506	\$ 1,276,282
Proposed GO Proceeds	3,500,000	-	-	1,000,000	1,000,000	1,000,000
Rate Funded Capital	3,044,800	100,000	100,000	100,000	100,000	100,000
Total	\$ 7,964,800	\$ 1,591,000	\$ 1,665,550	\$ 2,743,828	\$ 2,315,506	\$ 2,376,282
CIP Projects						
Unfunded Projects	\$ 7,964,800	\$ 8,257,956	\$ 9,174,652	\$ 7,865,182	\$ 7,635,616	\$ 8,017,397
Unfunded Projects	-	6,666,956	7,509,102	5,121,355	5,320,110	5,641,115
Cumulative Unfunded Projects	-	6,666,956	14,176,058	19,297,413	24,617,522	30,258,637

Figure 1 presents the CIP financing plan in graphical form, illustrating significantly reduced capital spending.

Figure 9: CIP Financing Plan – Rate Option 5



Debt Service Requirements – Rate Option 5

Debt service requirements consist of principal and interest payments on existing debt and debt proposed to be issued during the study period. Table 14 indicates the Village's projected debt service obligations under Rate Option 5.

Table 17: Debt Service Payments – Rate Option 5

Description	2025 Current	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast
Projected Debt Service						
Existing Debt	\$ 1,655,616	\$ 1,850,345	\$ 1,854,816	\$ 1,672,544	\$ 1,820,594	\$ 1,822,801
Proposed IEPA Loans	-	70,000	138,426	235,127	336,664	411,743
GO Bonds	-	-	-	-	74,318	148,635
Total	\$ 1,655,616	\$ 1,920,345	\$ 1,993,242	\$ 1,907,671	\$ 2,231,575	\$ 2,383,180

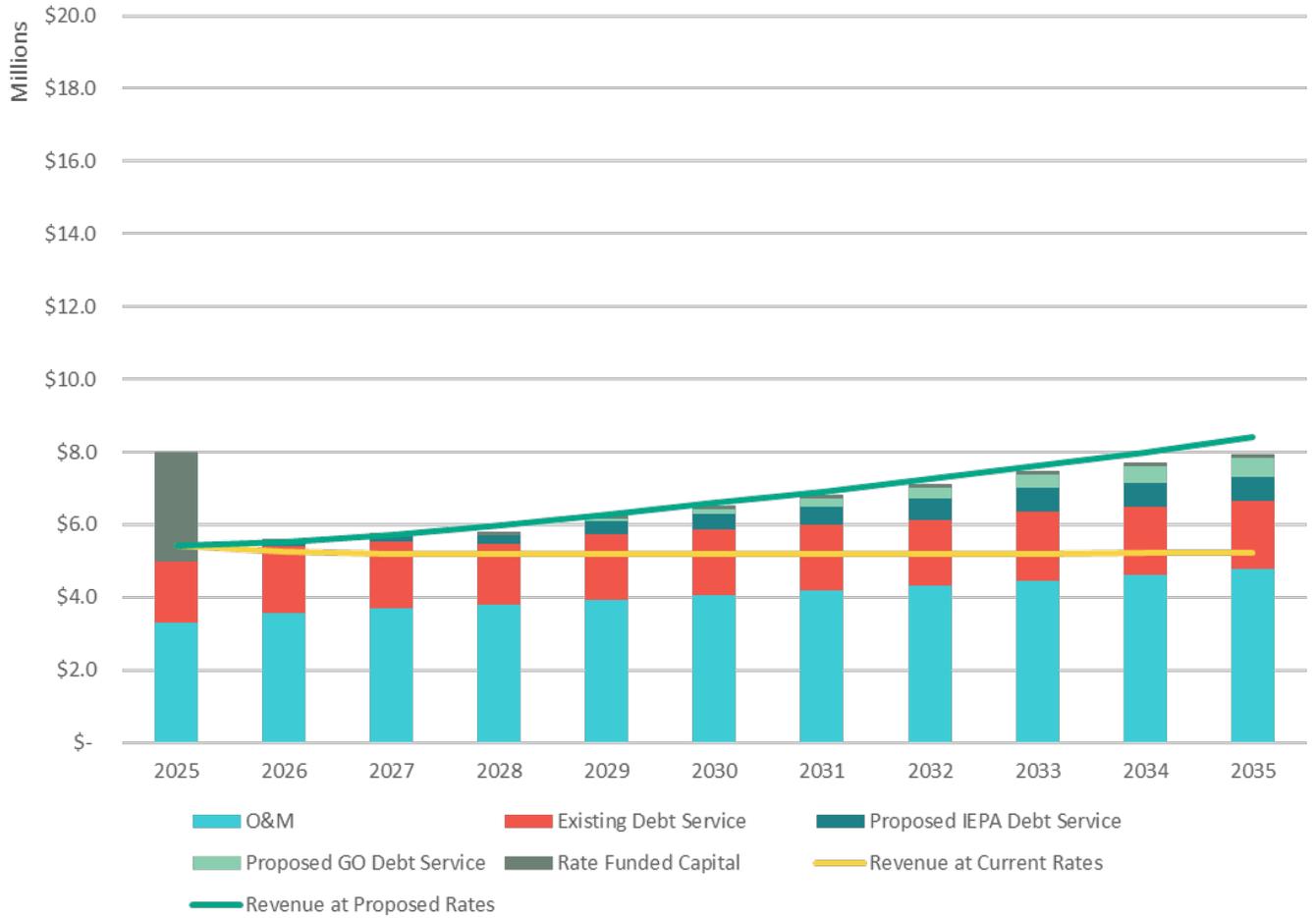
Cash Flow Forecast – Rate Option 5

Table 18 and Figure 10 show the operating financial plan for the next five years based on the revenue and expenses information presented above.

Table 18: Financial Plan – Rate Option 5

Description	2025 Budget	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast
Rate Increases		5%	5%	5%	5%	5%
Revenue						
Rate Revenue	\$ 5,050,000	\$ 5,302,500	\$ 5,567,625	\$ 5,846,006	\$ 6,138,307	\$ 6,445,222
Misc. Revenue	372,900	206,474	140,226	137,016	138,956	143,904
Total Revenue	\$ 5,422,900	\$ 5,508,974	\$ 5,707,851	\$ 5,983,023	\$ 6,277,262	\$ 6,589,126
Expenses						
Operating Expenses	\$ 3,311,102	\$ 3,565,286	\$ 3,679,240	\$ 3,797,589	\$ 3,920,503	\$ 4,048,160
Existing Debt Service	1,655,616	1,850,345	1,854,816	1,672,544	1,820,594	1,822,801
Proposed IEPA	-	70,000	138,426	235,127	336,664	411,743
Proposed Debt Service	-	-	-	-	74,318	148,635
Rate Funded Capital	3,044,800	100,000	100,000	100,000	100,000	100,000
Total Expenses	\$ 8,011,518	\$ 5,585,631	\$ 5,772,482	\$ 5,805,260	\$ 6,252,079	\$ 6,531,339
Contribution to Reserves	\$ (2,588,618)	\$ (76,657)	\$ (64,631)	\$ 177,762	\$ 25,184	\$ 57,786
Beginning Balance	\$ 3,007,699	\$ 419,081	\$ 342,424	\$ 277,793	\$ 455,555	\$ 480,739
Ending Balance	\$ 419,081	\$ 342,424	\$ 277,793	\$ 455,555	\$ 480,739	\$ 538,525
Target Balance	\$ 1,224,670	\$ 1,352,621	\$ 1,398,694	\$ 1,406,777	\$ 1,516,951	\$ 1,585,810

Figure 10: Financial Plan – Rate Option 5



Rate Scenario Summary

Table 19 provides a summary of each of the five rate options, including the required rate increases, capital funding shortfall, and typical bill impacts.

Table 19: Rate Option Summary

	Option 1	Option 2	Option 3	Option 4	Option 5
Rate Increases	16% per year through 2030, then 12%	9% per year	30% in 2026, then 6%	25% in 2026, 6% per year through 2030, then 9%	5% per year
Cumulative Funding Shortfall, 2030 (\$M)	\$0.00	\$17.8	\$5.8	\$10.8	\$30.3
2018 Plan Completion	2032	2035	2035	2035	N/A
Current Quarterly Bill (6,000 Gallons)			----- \$221.51 -----		
2026 Quarterly Bill	\$256.95	\$241.45	\$287.96	\$276.89	\$232.59
2031 Quarterly Bill	\$521.08	\$371.49	\$385.36	\$381.02	\$296.84

2026 Rates

Immediate Actions

The Village Board of Trustees has indicated that they would like to make four adjustments to the Village's rate structure in January 2026:

1. Increase rates to recover 10% more rate revenue.
2. Change from quarterly billing to bi-monthly billing for residential customers.
3. Consolidate the Village's existing fixed Capital Improvement Fee and Water Meter Fee, as well as consolidate the volumetric Water User Fee and Debt Service Fee.
4. Increase the portion of fixed revenue the Village receives from approximately 7% to 11%.

Additionally, the Board has indicated that they will direct Village staff to further evaluate the utility's operating and capital costs and consider future year rate increases once additional study and consideration of those items has been completed.

January 2026 Rate Schedule

Table 20 presents the proposed rates to be effective in January 2026. The rates below implement each of the Board's desired actions described above.

Table 20: Proposed Rates

Description	2025 <i>Current</i>	2026 <i>Forecast</i>
Revenue Increase		10%
Rate Schedule		
Fixed Charges		
<i>Capital Improvement (Monthly)</i>	\$ 3.52	N/A
<i>Water Meter Fee (Residential, Quarterly)</i>	5.03	N/A
<i>Water Meter Fee (Residential, Bi-Monthly)</i>	N/A	20.00
<i>Water Meter Fee (Non-Res, Monthly)</i>	10.05	25.00
Volume Charges (per kgal)		
<i>Water User Fee</i>	\$ 6.52	\$ 10.84
<i>Sewer User Fee</i>	1.12	1.18
<i>Debt Service Fee</i>	3.80	N/A

Customer Impacts and Rate Comparison

Raftelis performed an analysis to evaluate the impact of the proposed rate structure on a typical residential customer.

Customer Impacts

Customers using different amounts of water will experience different bill increases under the proposed rates. Bills for customers using more water will increase the most in absolute dollars, but bills for customers using less water will increase more in percentage terms. Table 21 presents a sample of residential bill impacts; current bills calculated under the existing quarterly rates have been converted to bi-monthly costs in this Table for comparison purposes.

Table 21: Typical Residential Bill Impacts

Monthly Use (kgal)	Current	2026	\$ Change	% Change
1	\$ 33.27	\$ 44.04	\$ 10.77	32.4%
2	\$ 56.15	\$ 68.08	\$ 11.93	21.2%
4	\$ 101.91	\$ 116.16	\$ 14.25	14.0%
6	\$ 147.67	\$ 164.24	\$ 16.57	11.2%
10	\$ 239.19	\$ 260.40	\$ 21.21	8.9%
15	\$ 353.59	\$ 380.60	\$ 27.01	7.6%
20	\$ 467.99	\$ 500.80	\$ 32.81	7.0%
30	\$ 696.79	\$ 741.20	\$ 44.41	6.4%
50	\$ 1,154.39	\$ 1,222.00	\$ 67.61	5.9%
100	\$ 2,298.39	\$ 2,424.00	\$ 125.61	5.5%

Rate Comparison

Figure 11 indicates a comparison of a typical bi-monthly Lincolnwood residential bill to a selection of other utilities. In 2025, the average 6,000 gallon bill among these utilities is \$151.75 per bi-monthly period. The bi-monthly equivalent Lincolnwood bill of \$147.67 is below the average and represents one of the lower bills in the sample. Such comparisons can provide insights into a utility's pricing policies related to service. Care should be taken, however, in drawing conclusions from such a comparison as some factors including geographic location, demand, customer constituency, level of treatment, level of grant funding, age of system, sources of water costs, and rate-setting methodology can affect the cost of providing services.

Figure 11: Bill Comparison

