

City of Indianapolis frees up \$1.5 billion

Consolidated utility ownership lowers rates and helps fund vital infrastructure

Case Study

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| The Challenge | <p>The City of Indianapolis needed to free up \$1.5 billion of its budget to fund a range of critical infrastructure needs, including roads, bridges and sidewalks. It also faced substantial projected rises in water and sewer rates over the coming decade and a half.</p> <p>In addition, Indianapolis's wholly-owned water and sewage systems were run separately from one another, meaning that potential synergies were not being achieved.</p> |
| The Solution | <p>Citi sought to find efficiencies and savings in the Indianapolis utility portfolio, to help fund the infrastructure projects.</p> <p>A range of options were considered including operational synergies, capital program savings, not-for-profit structures, long-term concession arrangements and sales of assets.</p> <p>The City of Indianapolis decided on an asset sale and Citi acted as advisor in the sale of Indianapolis's water and sewage assets to Citizens Energy Group, a public charitable trust for Indianapolis citizens that already owned the city's natural gas, steam and chilled water assets.</p> |
| The Result | <p>The asset sale generated \$450 million to help fund general infrastructure, and as the buyer was a public entity, favorable terms were possible to fund the debt.</p> <p>The combining of five different utilities produced synergies of \$43 million a year, which will grow over time. Water and sewer rates are also projected to be 25% lower than before the asset sale.</p> |