

PROJECT REPORT

FOR

ROCHELLE MUNICIPAL UTILITIES,
CITY OF ROCHELLE
OGLE COUNTY, ILLINOIS
WATER RECLAMATION DIVISION

Water Reclamation Rate Analysis Report
October 2016



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PURPOSE

The purpose of this Water Reclamation Rate Analysis report is to provide Rochelle Municipal Utilities (RMU) Water Reclamation Division with the following analysis:

1. Evaluate the current expenses and revenues.
2. Develop a new Water Reclamation Division budget for FY 2017.
3. Develop a new Water Reclamation Division rate schedule based on the recommended budget expenditures.

The wastewater reclamation rate modifications recommended in this report will provide the Water Reclamation Division the necessary revenue to be self-sufficient.

WATER RECLAMATION DIVISION RATE SCHEDULE

The current Water Reclamation Division rate schedule consists of the following components:

1. **Fixed Charge:** Includes all contractual service administrative expenses. These services include Network Administration, Financial Administrative Services, Insurance, Customer Accounting and Collection, Administrative Expenses, contractual laboratory services and GIS.
2. **Basic User Rate:** Includes all the operation and maintenance expenses of the system such as personnel salaries and benefits, purchase power, chemicals, materials and supplies and the general fund transfer.
3. **Equipment Replacement:** Includes the replacement costs for the water reclamation plant, lift stations and SCADA system. This fund sets the money aside to draw on when the equipment has to be upgraded and/or replaced.
4. **Non-Debt Funded Projects:** The Non-Debt Funded Projects are smaller capital improvements that do not require bonding or loans to complete. They include the sanitary sewer replacements, manhole replacements, sewer point repairs, water reclamation plant improvements and vehicle and equipment replacements.
5. **Capital Recovery Rate:** Includes the payment of bonds and/or loans to finance large water reclamation improvement projects.

CURRENT EXPENDITURES AND REVENUES

The Water Reclamation Division had a net cash loss of \$195,277 in FY 2010/11, \$1,385,483 in FY 2014/15 and \$908,945 in FY 2015/16. A detailed analysis of the Water Reclamation Division expenditures and revenues is included in Exhibit 'A'. A summary of the expenditures and revenues is detailed in the table below.

Rochelle Municipal Utilities
Water Reclamation Division Expenditures and Revenues

	Fiscal Year		
	FY 2013/14	FY 2014/15	FY 2015/16
Expenditures			
Fixed Charge Expenses	\$ 414,839	\$ 345,939	\$ 292,557
Basic User Expenses	\$1,420,964	\$1,477,976	\$1,426,591
Equipment Replacement Expenses	\$ 0	\$ 0	\$ 242,709
Non-Debt Funded Projects Expenses	\$1,005,842	\$1,930,647	\$1,389,087
Capital Recovery Expenses – Debt Service	\$ 966,027	\$ 930,104	\$ 277,836
Total Expenditures	\$3,807,672	\$4,684,666	\$3,628,780
Revenues			
Residential	\$ 987,550	\$ 991,932	\$ 983,878
Commercial	\$ 933,391	\$ 849,489	\$ 833,902
Industrial	\$ 719,022	\$ 914,129	\$ 546,589
Creston	\$ 88,351	\$ 72,343	\$ 85,957
Surcharges	\$ 136,880	\$ 116,322	\$ 82,664
Water Division Building Rent	\$ 0	\$ 48,000	\$ 48,000
Other Operating Revenues	\$ 36,963	\$ 264,868	\$ 101,145
Interest	\$ 11,804	\$ 8,842	\$ 8,293
Capital Contributions (Grants)	\$ 656,229	\$ 3,863	\$ 0
IEPA RFL Revenues for Askvig Subdivision Sewer	\$ 42,205	\$ 29,395	\$ 29,407
Total Revenue	\$3,612,395	\$3,299,183	\$2,719,835
Net Income/(Loss)	(\$ 195,277)	(\$1,385,483)	(\$ 908,945)

The Fixed charge expenses have decreased over the last three years. The Basic User expenses have remained steady over the last three years. The Non-Debt Funded Project expenses have been a large portion of the Water Reclamation budget the past three years as major investments in the water reclamation plant and sanitary sewer system have been made due to aging and deteriorating equipment and sanitary sewers.

RMU has been using cash reserves to pay for a portion of the Non-Debt Funded Project expenses. RMU retired the bonds for the water reclamation plant in FY 2014/15 therefore, the Capital Recovery expenses decreased significantly in FY 2015/16.

On the revenue side, user charge revenue has remained steady in FY 2013/14 and FY 2014/15 but decreased in FY 2015/16 when the Capital Recovery rate was reduced after the bonds for the Water Reclamation Plant were retired. The Other Operating Revenue has increased significantly in FY 2014/15 and FY 2015/16 because RMU has accepted large volumes of outside wastes that are hauled to the water reclamation plant for treatment.

WATER RECLAMATION DIVISION BUDGET

A. FIXED CHARGE

The Fixed Charge includes the contractual services provided to the Water Reclamation Division by City Administrative Services and RMU Customer Service. The services provided include meter reading and billing, scheduling appointments, answering and dispatching service calls, human resources, purchase order processing and payments, and invoicing customers for services. Also included is support for the network and computer software and hardware used to monitor the lift stations and water reclamation plant. Lastly, the contractual services include the final development and maintenance expenses associated with the utility GIS database.

The Administration and General Expenses budget is \$0 for FY 2017, since the RMU General Manager position will be vacant for the near future. The Water Reclamation Superintendent and the Meter Reader Personnel expense, in the Basic User Charge budget, will be removed from the Basic User Rate expenses and included in the Fixed Charge expenses since those positions are considered administrative in nature as opposed to operation and maintenance. A Water Reclamation Administration line item has been added to the Fixed Charge – Contractual Services Expenses Budget for the Personnel expenses associated with the Water Reclamation Superintendent and the Meter Reader positions.

The past three (3) fiscal year expenses and the recommended budget are detailed in the table below.

Fixed Charge - Contractual Services Expenses

Budget Line Item	Audit Report			Recommended FY 2017 Budget
	FY 2013/14	FY 2014/15	FY 2015/16	
Network Administration	\$ 27,019	\$ 22,983	\$ 22,265	\$ 24,000
Financial Administrative Services	\$ 36,163	\$ 35,400	\$ 27,329	\$ 37,000
Telephone	\$ 3,923	\$ 3,114	\$ 4,205	\$ 4,500
Property and Liability Insurance	\$ 24,376	\$ 23,345	\$ 28,740	\$ 30,000
Engineering	\$ 21,759	\$ 2,309	\$ 0	\$ 5,000
Customer Accounting and Collection	\$ 83,717	\$ 81,365	\$ 85,617	\$ 95,000
Administration and General Expenses	\$ 42,635	\$ 38,084	\$ 27,565	\$ 0
Contractual Services - Laboratory	\$ 3,692	\$ 7,209	\$ 5,982	\$ 7,000
Contractual Services - Other	\$100,711	\$ 73,369	\$ 50,843	\$ 60,000
GIS	\$ 0	\$ 0	\$ 0	\$ 25,000
Transportation	\$ 46,008	\$ 17,193	\$ 23,514	\$ 25,000
Uncollectible Accounts	\$ 9,598	\$ 26,173	\$ 0	\$ 0
Miscellaneous Expenses	\$ 15,238	\$ 15,395	\$ 16,497	\$ 17,000
Water Reclamation Administration	\$ 0	\$ 0	\$ 0	\$124,500
Total Contractual Services	\$414,839	\$345,939	\$292,557	\$454,000

B. BASIC USER EXPENSES

The Basic User Expenses include all the operation and maintenance expenses of the system such as personnel expenses, purchase power, sludge disposal, chemicals, materials and supplies and the general fund transfer.

The Water Reclamation Division staff includes the equivalent of 8.5 full-time personnel. The staff includes the following positions.

Superintendent: This person is responsible for overseeing the operation of the entire Water Reclamation Division. This same person is also responsible for overseeing the operation of the Water Division and Landfill. The prorated salary of the superintendent is 7.5% landfill, 40% water and 52.5% water reclamation. (Personnel Equivalent: 0.5)

Assistant Superintendent: This person is responsible for assisting the Superintendent in overseeing the operation and the construction projects for the Water Division. This same person is also responsible for assisting the Superintendent in overseeing the operation and construction projects of the Water Reclamation Division. The prorated salary of the superintendent is 50% water and 50% water reclamation (Personnel Equivalent: 0.5).

Operations/Lead: Under the supervision of the Superintendent, the Lead Operator is responsible for directing the operations and maintenance of the water reclamation system. The Lead Operator oversees the operation and maintenance of the water reclamation plant and sanitary sewer collection system and assigns and directs the work of the water reclamation Operations/Maintenance personnel. The Water Reclamation Division has one (1) lead operator.

Operations/Maintenance: Under the supervision of the Lead Operator, the water reclamation Operation/Maintenance personnel maintain the water reclamation plant equipment, check and maintain the sewage lift stations, and televise, jet and clean the sanitary sewers. The Water Reclamation Division has five (5) operation/maintenance personnel.

Lab Technician: The lab technician performs all the routine daily sampling and testing required for preparation of the monthly DMR reports to the IEPA and operational sampling and testing to provide the superintendent and lead operators with data to provide efficient and optimum treatment of the wastewater. The lab technician is also responsible for the daily testing for the Water Division, and the testing, monitoring, reporting, and preparing the report for the Pretreatment Program, including the surcharges for Customer Accounting. The Water Reclamation Division has one full-time lab technician. (Personnel Equivalent: 1.0)

Meter Reader: This person is responsible for reading the water and electrical meters for billing purposes. The prorated salary of the meter reader is 50% water and 50% water reclamation (Personnel Equivalent: 0.5).

The proposed budget has included adding an assistant superintendent and meter reader position to the Water Reclamation Division staff and normal increases for staff salaries, benefits and health insurance increases for the employees. The personnel expenses for the Superintendent and Meter Reader have been included in the Fixed Charge - Contractual Expenses under Water Reclamation Administration. The Superintendent and Meter Reader positions are considered administration positions as opposed to operation and maintenance in nature.

Personnel Expenses

Budget Line Item	Audit Report			Recommended FY 2017 Budget
	FY 2013/14	FY 2014/15	FY 2015/16	
Salaries	\$504,841	\$503,272	\$557,463	\$655,000
Social Security Taxes	\$ 36,724	\$ 40,318	\$ 37,345	\$ 50,000
Retirement	\$ 69,866	\$ 76,332	\$ 66,711	\$ 78,000
Health Insurance	\$136,672	\$113,518	\$115,376	\$147,000
Other Employee Benefits	\$ 11,237	\$ 15,495	\$ 8,438	\$ 15,000
Workmen's Compensation	\$ 13,592	\$ 22,558	\$ 21,857	\$ 27,000
Total Personnel	\$772,932	\$771,493	\$807,190	\$972,000

The Purchase Power is the power purchased from the Electrical Division for the operation of the water reclamation plant and sewage lift stations. The power required to operate the water reclamation plant and lift station is a function of flow and loading. The past three (3) fiscal years' expenses and the recommended budget are summarized below.

Purchase Power Expenses

Budget Line Item	Audit Report			Recommended FY 2017 Budget
	FY 2013/14	FY 2014/15	FY 2015/16	
Purchase Power	\$250,398	\$279,800	\$278,889	\$290,000

Sludge generated at the water reclamation plant is dewatered and hauled to the landfill for disposal. The Water Reclamation Division pays the City a per ton charge to dispose of the sludge at the landfill. The past three (3) fiscal years' expenses and the recommended budget for sludge disposal are summarized below.

Sludge Disposal Expenses

Budget Line Item	Audit Report			Recommended FY 2017 Budget
	FY 2013/14	FY 2014/15	FY 2015/16	
Sludge Disposal	\$112,675	\$113,591	\$75,575	\$115,000

The Water Reclamation Division Supplies include Chemicals, Materials and Supplies for the operation and maintenance of the water reclamation plant and sanitary sewer system. The Chemicals expenses include chlorine and sodium bisulfite for the disinfection and dechlorination of the water reclamation plant effluent and polymer for sludge dewatering and thickening. The Materials and Supplies includes various items needed for the operation and maintenance of the water reclamation plant, sewage lift stations and the sanitary sewer collection system and for fuel and natural gas for various facilities.

The chemical expenses have been decreasing over the past three (3) years. The Materials and Supplies cost increased in FY 2014/15 compared to previous and following fiscal years. The past three (3) fiscal years' expenses and the recommended budget are summarized below.

Supplies Expenses

	Audit Report			Recommended FY 2017 Budget
	FY 2013/14	FY 2014/15	FY 2015/16	
Chemicals	\$ 60,306	\$ 59,327	\$ 45,441	\$ 55,000
Material and Supplies	\$ 98,286	\$122,520	\$ 99,707	\$110,000
Total Supplies	\$158,592	\$181,847	\$145,148	\$165,000

The transfer expenditure to the General Fund is based on Water Reclamation Division revenue. The transfer amount to the General Fund is equal to 4.5% of the prior year audited revenue. The transfer to the General Fund will increase as a result of the rate increase and increased revenues.

General Fund Transfer Expenses

Budget Line Item	Audit Report			Recommended FY 2017 Budget
	FY 2013/14	FY 2014/15	FY 2015/16	
General Fund	\$126,600	\$131,245	\$119,789	\$135,000

The Water Reclamation Superintendent and the Meter Reader Personnel expense will be removed from the Basic User Rate expenses and included in the Fixed Charge expenses because those positions are considered administrative. The Basic User Rate expenses are summarized in the table below.

Basic User Rate Expenses

	Recommended Budget
Personnel	\$ 847,500
Purchase Power	\$ 290,000
Sludge Disposal	\$ 115,000
Supplies	\$ 165,000
Transfers-General Fund	\$ 135,000
Total Basic User Expenses	\$1,552,500

C. EQUIPMENT REPLACEMENT

The Equipment Replacement fund was established as a requirement for receiving grant money to finance the water reclamation plant and is used to pay for replacement of water reclamation plant and lift station equipment at the end of its useful life. The Equipment Replacement fund has a balance of approximately \$900,000 as of September 30, 2016.

The Equipment Replacement budget is detailed on Exhibit 'B'. The Water Reclamation Division staff updated the equipment replacement list and the current replacement cost of the equipment in 2013 so the next 20-year life cycle cost of the water reclamation plant and lift stations could be determined. The annual Equipment Replacement budget is \$314,022. The original Equipment Replacement budget was \$150,000 per year. The recommended Equipment Replacement budget will be used to establish a new Equipment Replacement rate so adequate revenue is being generated for the next 20 years of equipment replacement.

D. NON-DEBT FUNDED PROJECTS

The Non-Debt Funded Projects budget has been developed based on the capital improvement needs of the water reclamation system as described below and the cost detailed on Exhibit 'C'.

1. Lift Stations

RMU operates and maintains 12 lift stations. Two of the lift stations, Cleveland 2 (Gary Avenue) and Hwy. 38 E Travel Plaza will be eliminated when gravity extensions are installed to serve new areas that are tributary to the lift stations.

The equipment in the lift stations are part of the operation and maintenance budget. Lift station equipment for the smaller lift stations (less than 20 hp pumps) are the pumps, pump controllers, and SCADA equipment. The equipment for the larger lift stations includes the pumps, pump controllers, SCADA, and flow meters. First Ave. lift station has a standby diesel pump to provide service during power outages. The other lift stations are serviced by portable pumps for bypass pumping during power outages.

No capital outlay improvements for the lift stations are required at this time.

2. Sanitary Sewer Collection System

The sanitary sewer system includes several miles of 8", 10", 12", 15", 18", 21", 24", 30" and 36" diameter sanitary sewers and sanitary manholes. The sanitary sewers constructed over the past 35 years were constructed using PVC pipe with gasketed joints, which should provide 80 years of useful life. Also, the sanitary sewers constructed during this time period have been air tested for tightness to ensure there is a minimal amount of infiltration. The sanitary sewers that were constructed before 1980 are typically either clay, concrete or truss pipe. In some parts of the sanitary sewer system the clay pipe is more than 100 years old, and will need to be replaced or rehabilitated by lining before failure of the sanitary sewer occurs and to eliminate infiltration.

The replacement or lining of the old clay pipe should be coordinated with the Public Works Department and their street reconstruction plan. The budget includes \$300,000 per year for sanitary sewer replacement or lining. The collection system upgrades will require additional funding in the future.

The budget also includes a sanitary sewer extension to eliminate the Cleveland 2 lift station on Gary Avenue. The Cleveland 2 lift station is an old wet well/dry well station. The new sanitary sewer will be a 15" diameter sanitary sewer that will be constructed from an existing 15" diameter sanitary sewer, located on an easement to the east of IL Route 251 and north of Willis Avenue, that flows to the Jack Dame Road lift station. The new sanitary sewer will be constructed on an easement through existing agricultural property to Veteran's Parkway and Gary Avenue and then north on Gary Avenue to Irene Avenue. The project cost estimate is \$400,000 and the budget includes \$100,000 per year for the construction of the new 15" diameter sanitary sewer.

3. Water Reclamation Plant (WRP)

The WRP improvements include the replacement of aging equipment and improvements to the WRP. When the WRP was constructed, the IEPA required that an equipment replacement fund be established. The annual equipment replacement budget was \$150,000, and the revenue from the IEPA Replacement Fund rate was deposited into the IEPA Replacement Fund account to be used when equipment fails and requires replacement. The WRP is 20 years old, and the major process equipment will require replacement in the next five to ten years. The replacement fund account and the equipment replacement user charge revenues will be used to finance the equipment replacement. As of September 30, 2016, the Replacement Fund had a balance of approximately \$900,000.

No capital improvements at the WRP have been included in the Non-Debt Funded Projects budgets. The improvements required at the WRP will need to be financed and will be discussed further in the Capital Recovery section.

4. Replacement Items

The Water Reclamation Division has to make sanitary sewer point repairs and replace/repair sanitary manholes when failures occur. The Water Reclamation Division also shares in the cost of the water meters, as they are used for wastewater billing. The recommended budget includes \$47,500 for replacement items.

5. Vehicles and Equipment

The Water Reclamation Division uses the following vehicles and equipment to operate and maintain the water reclamation plant, lift stations and sanitary sewers.

- Vactor Truck
- Ford F350
- Chevy S10 Carryall

- Chevy 4x4
- Ford Explorer
- Camera Truck
- GMC Canyon
- Portable Pumps and Generators

The vactor truck is a critical piece of equipment for maintaining the sanitary sewer system; it is used for jetting and cleaning the sanitary sewers. The estimated cost for replacement of the vactor truck is \$375,000. The camera truck is also a critical piece of equipment used to televise sanitary sewer lines to determine the condition of the sewers and to investigate problems when they occur. The estimated cost for replacement of the camera truck is \$100,000. The portable pumps and generators are used to provide bypass pumping at the lift stations when pump and/or power failure occurs or when there is a plugged sanitary sewer line.

The recommended budget includes \$68,750 for replacement of vehicles and equipment.

The Non-Debt Funded Projects budget is summarized below and detailed on Exhibit 'C'.

Non-Debt Funded Projects Budget

Item	Budget
Lift Stations	\$ 0
Sanitary Sewer System	\$400,000
Water Reclamation Plant	\$ 0
Replacement Items	\$ 47,500
Vehicles and Equipment	\$ 68,750
Total Non-Funded Projects Budget	\$516,250

E. CAPITAL RECOVERY - DEBT SERVICE

The debt service expense of the Water Reclamation Division includes a 1999 IEPA revolving fund loan for the construction of the Northwest sanitary sewer project and a 2008 IEPA revolving fund loan for the Askvig subdivision sanitary sewer project. The annual principal and interest and retirement date of the IEPA revolving fund loans are as follows:

Annual Principal and Interest

Bond/Loan	Principal and Interest	Retirement Date
1999 IEPA RFL	\$245,210	August 1, 2017
2008 IEPA RFL ⁽¹⁾	\$ 39,000	May 1, 2027

- (1) Askvig Subdivision customers are reimbursing RMU for principal and interest expenses on the 2008 IEPA RFL.

Capital improvements are needed at the water reclamation plant to rehabilitate or replace existing treatment processes as described below.

Anaerobic Lagoon Modifications

The anaerobic lagoon provides pretreatment for industrial wastewater that enters the water reclamation plant at the System 1 lift station. The sludge levels in the anaerobic lagoon have built up over 20 years to the point where it is starting to impact the capacity and treatment efficiency of the lagoon. The project includes the removal and replacement of the lagoon cover and the removal and land application of the sludge in the lagoons.

Sludge Storage and Drying Improvements

RMU dewateres the sludge using a centrifuge and then disposes of the sludge at the Rochelle landfill. RMU pays approximately \$115,000 per year to have the sludge disposed of at the landfill. The sludge storage and drying improvements include constructing a cover over (2) existing 180-foot diameter tanks to store and dry the sludge before the sludge is land applied on agricultural fields. This would eliminate the sludge disposal expense at the landfill.

System 1 Lift Station Improvements

The System 1 sanitary sewer serves industrial customers that require pre-treatment of the wastewater in the anaerobic lagoon before going through the main water reclamation plant. The System 1 sanitary sewer flow through a coarse bar screen and then a wet well/dry well lift station pumps it to the anaerobic lagoon. The project includes replacement of the coarse bar screen with a fine screen to remove a higher percentage of inorganic material before it is pumped to the anaerobic lagoon and convert the existing lift station into a submersible lift station.

Fine Screen Replacement

The existing fine screen is over 20 years old and needs to be replaced in the Preliminary Treatment building at the water reclamation plant. Project includes demolition of the existing fine screen and installation of new fine screen and controls.

New Water Reclamation Building

The Water Reclamation Division has a building on IL Route 251 which they use for equipment storage, maintenance and some office space. RMU wants to move out of that building and into a new building at the water reclamation plant site to consolidate their operations.

The capital improvement project costs are summarized in the table below.

Water Reclamation Plant Improvements
Preliminary Project Cost Summary

Project	Cost Estimate
Anaerobic Lagoon Modifications	\$1,600,000
System 1 Lift Station and Screening Modifications	\$1,000,000
Sludge Storage and Drying Improvements	\$ 700,000
Influent Fine Screen	\$ 400,000
New Water Reclamation Building	\$1,500,000
Total Project Cost	\$5,200,000

The project will be financed with an IEPA Water Pollution Control Revolving Fund Loan as detailed in the table below. The IEPA annual loan payment will be made using the capital recovery rate and the savings from the elimination of the landfill sludge disposal expense.

Water Reclamation Plant Improvements
Financing Summary

Project Financing	Annual Cost
IEPA Annual Revolving Fund Loan Payment (20 Yr. Loan at 1.8% Interest)	\$312,000
Annual Sludge Disposal Cost Savings	\$ 85,000
Capital Recovery Expense	\$227,000

The total Capital Recovery – Debt Service expenses are summarized in the table below.

Capital Recovery - Debt Service Expenses

Budget Line Item	Audit Report			Recommended 2017 Budget
	FY 2013/14	FY 2014/15	FY 2015/16	
Principal (WRP Revenue Bond)	\$645,000	\$650,000	\$ 0	\$ 0
Interest	\$ 77,044	\$ 28,614	\$ 22,411	\$ 29,000
IEPA Revolving Fund Loan	\$243,983	\$251,490	\$255,425	\$256,000
Total Capital Recovery - Debt Service	\$966,027	\$930,104	\$277,836	\$285,000

The recommended budget includes the principal and interest payments for the two (2) IEPA Revolving Fund Loans.

WASTEWATER RATE MODIFICATIONS

A. EXISTING USERS AND WATER USAGE

The Water Reclamation Division revenues are based on the number of customers and the metered water volume used for each class of user plus any surcharges for higher than normal strength domestic wastewater. The users are classified as Residential, General Service, Creston and Industrial.

The table below details the number of users in each user category.

Water Reclamation Customers

User	# of Users
Residential	3,614
General Service	596
Creston	1
Industrial	1
Total	4,212

The basic user charge is based on the billable volume of water in each category of user. The total billable volume for Residential, General Service, Creston and Industrial in the table below is the billable volume for FY 2015/16.

Water Reclamation Division - Billed Volume

	Volume Billed (cf)	% of Total Volume Billed
Residential	17,535,469	31.6
General Service	18,325,185	33.0
General Service (Creston)	3,897,175	7.0
Industrial (Hormel)	15,809,686	28.4
Total	55,567,515	100.0

B. FIXED CHARGE

The Fixed Charge component of the Water Reclamation rate schedule generates revenue to cover the expenditures that are not dependent upon the quantity of water a customer uses. The Fixed Charge will cover the cost for the contractual services that support the Water Reclamation Division and the salaries and benefits of the Water Reclamation Superintendent and Meter Reader. The recommended Fixed Charge expenses will be shared equally by all customer classes and are projected to be \$454,000 in FY 2017. The Water Reclamation Division receives \$48,000 per year in rent from the Water Division for the use of their buildings for staff office space, equipment and material storage, maintenance and laboratory services. The rental revenue will be used to pay for Fixed Charge expenses, so the net Fixed Charge expenses which will have to be recovered by the Fixed Charge are \$406,000 (\$454,000 - \$48,000).

RMU charges customers with a sewage flow meter a monthly Fixed Charge of \$80.10 to cover additional administrative costs associated with the sewage flow meters. RMU currently has ten (10) sewer flow meters which have a fixed charge of \$80.10 per user per month. The existing Fixed Charge is generating \$415,525.20 and along with the \$48,000 in rental revenue from the Water Division, the existing Fixed Charge is adequate to pay for all Fixed Charge expenses.

Fixed Charge Revenue:

4,202 Users x \$8.05/User/Month x 12 Months =	\$405,913.20
10 Users x \$80.10/User/Month x 12 Months =	<u>\$ 9,612.00</u>
Total Revenue:	\$415,525.20

C. BASIC USER RATE

The Basic User Rate component of the Water Reclamation rate schedule generates revenue to cover operation and maintenance expenses of the water reclamation system which are dependent upon volume and loading a customer class generates. The Basic User Rate will cover the cost of the Personnel, Purchase Power, Sludge Disposal, Supplies and Transfers to the General Fund as summarized in the table below.

Basic User Rate Expenses

	Recommended Budget
Personnel	\$ 847,500
Purchase Power	\$ 290,000
Sludge Disposal	\$ 115,000
Supplies	\$ 165,000
Transfers-General Fund	\$ 135,000
Total Basic User Expenses	\$1,552,500

The basic user rate calculation for each customer class is a complex methodology. The water reclamation plant's individual processes and sanitary sewer system's key components are identified on the Basic User Rate Tabulation on Exhibit 'D'.

The operation and maintenance expenses are allocated to each treatment plant process and sanitary sewer system component to determine the total operation and maintenance costs. The operation and maintenance cost of each treatment plant process and sanitary sewer system component is then allocated to each customer class based on their share of the BOD loading or flow use of the system.

The complex methodology to calculate the basic user rate is shown in Exhibit D. The elements of the exhibit are:

1. The equipment and/or processes at the treatment plant or in the sanitary sewer collection system that require O & M are listed.
2. The cost allocation of the O & M expense for personnel, purchase power, sludge disposal, chemicals, materials and supplies, and the general fund transfer for each equipment or process is detailed.
3. The O & M cost for each equipment or process is allocated based on flow, loading, and system use of each user class.
4. The industrial and certain commercial customers pay a surcharge for the treatment of high strength waste. The one (1) Industrial customer pays approximately \$40,000 per year for the treatment of high strength waste, and the commercial customers pay approximately \$60,000 per year for the treatment of high strength wastes. This surcharge revenue has been subtracted from the Basic User expenses when calculating the Basic User Rate.
5. The O & M cost allocation for each user class is divided by the total billable volume for each user class to determine the Basic User Rate.

The current and recommended Basic User rate for each customer class is summarized in the table below.

Basic User Rate Schedule

User Class	Current Rate FY 2016	Proposed Rate FY 2017
Residential/General Service/Light Industrial	\$2.44/HCF	\$2.40/HCF
Industrial (MIC)	\$2.54/HCF	\$3.22/HCF
Creston	\$1.99/HCF	\$2.07/HCF

D. EQUIPMENT REPLACEMENT

The Equipment Replacement fund was established as a requirement for receiving grant money to finance the water reclamation plant and is used to pay for replacement of water reclamation plant and lift station equipment at the end of its useful life. The annual equipment replacement expense is \$314,022 and is calculated by dividing the equipment replacement cost by the estimated life of the equipment as detailed on Exhibit 'B'. The Equipment Replacement budget was updated in 2013 to reflect the next 20-year life cycle cost of the water reclamation plant and lift station equipment.

As detailed in Exhibit 'E', the Equipment Replacement rate calculation for each customer class uses a methodology similar to the Basic User rate. The water reclamation plant and lift station equipment costs are allocated to each customer class based on their use of the equipment using either volume or BOD loading for the allocation. The rate is computed by dividing the customer class portion of the equipment replacement cost by their billable flow.

The City will use Equipment Replacement charge revenue and the existing Equipment Replacement Fund to pay for future equipment replacement at the water reclamation plant and lift stations. The Equipment Replacement fund has a balance of approximately \$900,000 as of September 30, 2016.

The current and recommended Equipment Replacement Rate is summarized in the table below.

Equipment Replacement Rate Schedule

User Class	Current Rate FY 2016	Recommended Rate FY 2017
Residential/General Service/Light Industrial	\$0.15/HCF	\$0.43/HCF
Industrial (MIC)	\$0.43/HCF	\$0.93/HCF
Creston	\$0.26/HCF	\$0.29/HCF

E. NON-DEBT FUNDED PROJECTS

The Non-Debt Funded Projects are the annual improvements to the water reclamation plant and sanitary sewer system which do not require bonding or loan financing to complete. The Non-Debt Funded Projects rate is calculated by dividing the estimated cost of the projects by each of the benefiting customer class's portion of billable wastewater flow. The billable flow of each benefiting customer class is as follows:

Benefiting Customer Class	Billable Flow (HCF)
City	358,606
Hornel	158,096
Creston	38,972
Total Billable Flow	555,674

The Non-Debt Funded Projects improvements are listed in the table below as well as the cost allocation and rate calculation for each customer class.

Non-Debt Funded Projects Rate Tabulation

System Improvement	Annual Cost	City		Hormel		Creston	
		Benefit	Rate/HCF	Benefit	Rate/HCF	Benefit	Rate/HCF
Sanitary Sewer Rehabilitation/Replacement	\$300,000	✓	\$0.84		\$0.00		\$0.00
Sanitary Sewer Extension	\$100,000	✓	\$0.28		\$0.00		\$0.00
Replacement Items	\$ 47,500	✓	\$0.09	✓	\$0.09		\$0.00
Vehicle and Equipment	\$ 68,750	✓	\$0.13	✓	\$0.13		\$0.00
	\$516,250		\$1.34		\$0.22		\$0.00

The current and recommended Non-Debt Funded Projects rates are summarized below.

Non-Debt Funded Projects Rate Schedule

User Class	Current Rate FY 2016	Recommended Rate FY 2017
City	\$0.81/HCF	\$1.34/HCF
Hormel	\$0.58/HCF	\$0.22/HCF
Creston	No Charge	No Charge

F. CAPITAL RECOVERY - DEBT SERVICE

The Capital Recovery rate is required for payment of principal and interest on all outstanding bonds and loans. The current water reclamation debt includes the 1999 IEPA Revolving Fund Loan for the construction of the Northwest sanitary sewer, and the 2008 IEPA Revolving Fund Loan for the construction of the Askvig subdivision sanitary sewer system.

The Capital Recovery budget for FY 2017 includes the principal and interest payments for the 1999 and 2008 IEPA Revolving Fund Loans as detailed in the table below. The last payment on the 1999 IEPA Revolving Fund Loan will be on August 1, 2017.

Debt Service Expenses – FY 2017

	Recommended FY 2017 Budget
Interest	\$ 29,000
IEPA Revolving Fund Loan Principal	\$256,000
Total Debt Service	\$285,000

The existing Capital Recovery rates will generate \$267,928 as calculated in the table below which is \$17,072 less than the \$285,000 budget for FY 2017. There are adequate funds in the IEPA Loan Reserve account pay for the difference between the expense cost and the revenues.

Capital Recovery Rate Revenue – FY 2017

User Class	Recommended Rate	Billable Units	Total Revenue
City	\$0.66/HCF	358,606 HCF	\$236,680
Askvig Subdivision Customers	\$31.00/User/Month	84 Users x 12 Months	\$ 31,248
Rochelle Foods	No Charge		\$ 0
Creston	No Charge		\$ 0
Capital Recovery Revenue			\$267,928

The Askvig subdivision is located in a Special Service Area (SSA) which was established by the City when the subdivision was annexed into the City. Only the customers in the Askvig subdivision SSA are being billed an additional capital recovery rate of \$31.00/User/Month for repayment of the IEPA revolving fund loan for the construction of the sanitary sewer system in the Askvig subdivision.

The Water Reclamation Division plans to make several improvements to the water reclamation plant when the 1999 IEPA Revolving Fund Loan is paid off. The improvement projects and the preliminary costs are summarized in the table below.

Water Reclamation Plant Improvements
Preliminary Cost Estimate Summary

Project	Cost Estimate
Anaerobic Lagoon Modifications	\$1,600,000
System 1 Lift Station and Screening Modifications	\$1,000,000
Sludge Storage and Drying Improvements	\$ 700,000
Influent Fine Screen	\$ 400,000
New Water Reclamation Building	\$1,500,000
Total Project Cost	\$5,200,000

The Water Reclamation Division proposes to finance the improvements at the water reclamation plant with a new IEPA Revolving Fund Loan. The IEPA Revolving Fund Loan will be a 20-year loan at an interest rate of approximately 1.8%. The IEPA Loan payment would be approximately \$312,000 per year. The Water Reclamation Division would not start to repay the loan until FY 2019. The projected FY 2019 Capital Recovery Budget is detailed in the table below.

Debt Service Expenses – FY 2019

	Recommended FY 2017 Budget
Interest	\$ 56,000
IEPA Revolving Fund Loan Principal	\$295,000
Total Debt Service	\$351,000

The current and recommended Capital Recovery rates are summarized below.

Capital Recovery Rate Schedule

User Class	Current Rate FY 2016	Recommended Rate FY 2017	Recommended Rate FY 2019
City	\$0.66/HCF	\$0.66/HCF	\$0.41/HCF
Askvig Subdivision Customers	\$0.66/HCF \$31.00/User/Month	\$0.66/HCF \$31.00/User/Month	\$0.41/HCF \$31.00/User/Month
Rochelle Foods	No Charge	No Charge	\$0.41/HCF
Creston	No Charge	No Charge	\$0.20/HCF

G. COST IMPACT TO USERS

The cost impact to the customers will obviously vary based on their water usage and the organic strength of their wastewater. The tables below summarize the current water reclamation rates and monthly bill cost and the recommended water reclamation rate modifications and monthly bill cost a typical residential user, a small and large general service user, the Village of Creston and Rochelle Foods.

1. Residential User (Usage of 700 c.f./month)

	Current FY 2016 Rates		Recommended FY 2017 Rates	
	Rates	Monthly Bill	Rate	Monthly Bill
Fixed Charge	\$8.05/User/Month	\$ 8.05	\$8.05/User/Month	\$ 8.05
Basic User Rate	\$2.44/HCF	\$17.08	\$2.40/HCF	\$16.80
Equipment Replacement	\$0.15/HCF	\$ 1.05	\$0.43/HCF	\$ 3.01
Non-Debt Funded Projects	\$0.81/HCF	\$ 5.67	\$1.34/HCF	\$ 9.38
Capital Recovery	\$0.66/HCF	\$ 4.62	\$0.66/HCF	\$ 4.62
Total Monthly Bill		\$36.47		\$41.86
Percent Increase				14.8%

2. Village of Creston (Usage of 324,765 c.f./month)

	Current FY 2016 Rates		Recommended FY 2017 Rates	
	Rates	Monthly Bill	Rates	Monthly Bill
Fixed Charge	\$80.10/User/Month	\$ 80.10	\$80.10/User/Month	\$ 80.10
Basic User Rate	\$1.99/HCF	\$6,461.53	\$2.07/HCF	\$6,721.29
IEPA Replacement	\$0.26/HCF	\$ 884.22	\$0.29/HCF	\$ 941.63
Non-Debt Funded Projects	No Charge	\$ 0.00	\$0.00/HCF	\$ 0.00
Capital Recovery	No Charge	\$ 0.00	\$0.00/HCF	\$ 0.00
Total Monthly Bill		\$7,425.85		\$7,743.02
Percent Increase				4.3%

3. Hormel (Usage of 1,317,473 c.f./month)

	Current FY 2016 Rates		Recommended FY 2017 Rates	
	Rates	Monthly Bill	Rates	Monthly Bill
Fixed Charge	\$80.10/User/Month	\$ 80.10	\$80.10/User/Month	\$ 80.10
Basic User Rate	\$2.54/HCF	\$33,461.96	\$3.22/HCF	\$42,420.28
IEPA Replacement	\$0.43/HCF	\$ 5,664.82	\$0.93/HCF	\$12,251.82
Non-Debt Funded Projects	\$0.58/HCF	\$ 7,640.92	\$0.22/HCF	\$ 2,898.28
Capital Recovery	No Charge	\$ 0.00	No Charge	\$ 0.00
Total Monthly Bill		\$46,847.80		\$57,650.48
Percent Increase				23.1%

4. General Service (Usage of 3,500 c.f./month)

	Current FY 2016 Rates		Recommended FY 2017 Rates	
	Rates	Monthly Bill	Rate	Monthly Bill
Fixed Charge	\$8.05/User/Month	\$ 8.05	\$8.05/User/Month	\$ 8.05
Basic User Rate	\$2.44/HCF	\$ 85.40	\$2.40/HCF	\$ 84.00
Equipment Replacement	\$0.15/HCF	\$ 5.25	\$0.43/HCF	\$ 15.05
Non-Debt Funded Projects	\$0.81/HCF	\$ 28.35	\$1.34/HCF	\$ 46.90
Capital Recovery	\$0.66/HCF	\$ 23.10	\$0.66/HCF	\$ 23.10
Total Monthly Bill		\$150.15		\$177.10
Percent Increase				17.9%

5. General Service with Sewer Flow Meter (Usage of 15,000 c.f./month)

	Current Rate		Recommended Rate	
	Rates	Monthly Bill	Rate	Monthly Bill
Fixed Charge	\$80.10/User/Month	\$ 80.10	\$80.10/User/Month	\$ 80.10
Basic User Charge	\$2.44/HCF	\$366.00	\$2.40/HCF	\$360.00
IEPA Replacement	\$0.15/HCF	\$ 22.50	\$0.43/HCF	\$ 64.50
Non-Debt Funded Projects	\$0.81/HCF	\$121.50	\$1.34/HCF	\$201.00
Capital Recovery	\$0.66/HCF	\$ 99.00	\$0.66/HCF	\$ 99.00
Total Monthly Bill		\$689.10		\$804.60
Percent Increase				16.8%

CONCLUSIONS AND RECOMMENDATIONS

1. A detailed analysis of the Water Reclamation Division expenditures and revenues is included in Exhibit 'A'. A summary of the expenditures and revenues is detailed in the table below along with the recommended budget for FY 2017.

Rochelle Municipal Utilities
Water Reclamation Division
Past Expenditures and Revenues and Recommended Budget

	Fiscal Year			Recommended FY 2017
	FY 2013/14	FY 2014/15	FY 2015/16	
Expenditures				
Fixed Charge Expenses	\$ 414,839	\$ 345,939	\$ 292,557	\$ 454,000
Basic User Expenses	\$1,420,964	\$1,477,976	\$1,426,591	\$1,552,500
Equipment Replacement Expenses	\$ 0	\$ 0	\$ 242,709	\$ 314,022
Non-Debt Funded Projects Expenses	\$1,005,842	\$1,930,647	\$1,389,087	\$ 516,250
Capital Recovery Expenses – Debt Service	\$ 966,027	\$ 930,104	\$ 277,836	\$ 285,000
Total Expenditures	\$3,807,672	\$4,684,666	\$3,628,780	\$3,121,772
Revenues				
Residential	\$ 987,550	\$ 991,932	\$ 983,878	\$1,227,300
Commercial	\$ 933,391	\$ 849,489	\$ 833,902	\$ 949,400
Industrial	\$ 719,022	\$ 914,129	\$ 546,589	\$ 690,200
Creston	\$ 88,351	\$ 72,343	\$ 85,957	\$ 92,900
Surcharges	\$ 136,880	\$ 116,322	\$ 82,664	\$ 100,000
Water Division Building Rent	\$ 0	\$ 48,000	\$ 48,000	\$ 48,000
Other Operating Revenues	\$ 36,963	\$ 264,868	\$ 101,145	\$ 100,000
Interest	\$ 11,804	\$ 8,842	\$ 8,293	\$ 8,000
Capital Contributions (Grants)	\$ 656,229	\$ 3,863	\$ 0	\$ 0
IEPA RFL Revenues for Askvig Subdivision Sewer	\$ 42,205	\$ 29,395	\$ 29,407	\$ 31,200
Total Revenue	\$3,612,395	\$3,299,183	\$2,719,835	\$3,247,000
Net Income/(Loss)	(\$ 195,277)	(\$1,385,483)	(\$ 908,945)	\$ 125,228

2. The Equipment Replacement fund has a balance of approximately \$900,000 as of September 30, 2016. The Equipment Replacement budget was revised in 2013 to reflect the next 20-year life cycle replacement cost of the water reclamation plant and lift station equipment. The Equipment Replacement budget is \$314,022 per year as detailed in Exhibit 'B'. The current Equipment Replacement rate is generating only \$132,000 per year.

The recommendation is to increase the rates in FY 2017 as detailed in the table below:

Equipment Replacement Rate Schedule

User Class	Current Rate FY 2016	Recommended Rate FY 2017
Residential/General Service/Minor Industry	\$0.15/HCF	\$0.43/HCF
Industrial (MIC)	\$0.43/HCF	\$0.93/HCF
Creston	\$0.26/HCF	\$0.29/HCF

3. The Non-Debt Funded Project budget has been increased since the last Water Reclamation Rate report to \$516,250 per year as detailed in Exhibit 'C'. The budget includes \$400,000 for sanitary sewer system rehabilitation, replacement and extensions to improve the aging infrastructure. The sanitary sewer improvements are needed to eliminate infiltration sources and replace sanitary sewer lines nearing the end of their useful life.

4. The current water reclamation debt includes the 1999 IEPA Revolving Fund Loan for the construction of the Northwest sanitary sewer, and the 2008 IEPA Revolving Fund Loan for the construction of the Askvig subdivision sanitary sewer system. The 1999 IEPA Revolving Fund Loan will be retired on August 1, 2017. The Water Reclamation Division is planning to finance additional improvements to the water reclamation plant with a new IEPA Revolving Fund Loan after the 1999 loan is retired. The water reclamation plant improvements include upgrading the System 1 lift station and screening equipment, removal and disposal of sludge and replacement of the cover on the anaerobic lagoon, convert the old trickling filter structures to sludge storage and drying, replace the influent fine screen and construct a new office and maintenance building at the water reclamation plant. The annual IEPA Revolving Fund Loan payment for the water reclamation plant improvements is estimated to be \$312,000. The sludge storage and drying project will reduce the sludge disposal costs by approximately \$85,000 per year.

5. The current and recommended Water Reclamation Division rates for the various customer classes are detailed in the tables below.

Residential, General Service and Light Industrial

	Current Rates FY 2016	Recommended Rates FY 2017
Fixed Charge	\$8.05/User/Month	\$8.05/User/Month
Basic User Charge	\$2.44/HCF	\$2.40/HCF
IEPA Replacement Fund	\$0.15/HCF	\$0.43/HCF
Non-Debt Fund Charge	\$0.81/HCF	\$1.34/HCF
Capital Recovery	\$0.66/HCF	\$0.66/HCF
Total Usage Charge	\$4.06/HCF	\$4.83/HCF

Village of Creston

	Current Rates FY 2016	Recommended Rates FY 2017
Fixed Charge	\$80.10/User/Month	\$80.10/User/Month
Basic User Charge	\$1.99/HCF	\$2.07/HCF
IEPA Replacement Fund	\$0.15/HCF	\$0.26/HCF
Non-Debt Fund Charge	No Charge	No Charge
Capital Recovery	No Charge	No Charge
Total Usage Charge	\$2.14/HCF	\$2.33/HCF

Industrial MIC Category I (Hormel)

	Current Rate FY 2016	Recommended Rates FY 2017
Fixed Charge	\$80.10/User/Month	\$80.10/User/Month
Basic User Charge	\$2.54/HCF	\$3.22/HCF
IEPA Replacement Fund	\$0.43/HCF	\$0.93/HCF
Non-Debt Fund Charge	\$0.58/HCF	\$0.22/HCF
Capital Recovery	No Charge	No Charge
Total Usage Charge	\$3.55/HCF	\$4.37/HCF

6. The cost impact to a typical residential user, the Village of Creston and Hormel is detailed below.

Residential User (7 HCF)

Current Monthly Bill	FY 2017
\$36.47	\$41.86
Dollar Increase	\$ 5.39
Percent Increase	14.8%

Village of Creston (3,247 HCF)

Current Monthly Bill	FY 2017
\$7,425.85	\$7,743.02
Dollar Increase	\$ 317.17
Percent Increase	4.3%

Hormel (13,174 HCF)

Current Monthly Bill	FY 2017
\$46,847.80	\$57,650.48
Dollar Increase	\$10,802.68
Percent Increase	23.1%

RMU Water Reclamation Division
Expenses and Revenue Summary

	Actual Expenses												FY 2017 Budget
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	
FIXED CHARGE													
CONTRACTUAL SERVICES													
Network Administration	\$ 48,150	\$ 36,900	\$ 52,650	\$ 54,000	\$ 17,870	\$ 17,337	\$ 17,308	\$ 21,317	\$ 27,714	\$ 27,019	\$ 22,983	\$ 22,265	\$ 24,000
Financial Administrative Services			\$ 37,200	\$ 38,050	\$ 55,090	\$ 33,150	\$ 31,051	\$ 23,805	\$ 34,890	\$ 36,163	\$ 35,400	\$ 27,329	\$ 37,000
Telephone	\$ 2,907	\$ 3,120	\$ 2,390	\$ 1,696	\$ 2,063	\$ 1,919	\$ 2,325	\$ 2,640	\$ 3,403	\$ 3,923	\$ 3,114	\$ 4,205	\$ 4,500
Property and Liability Insurance	\$ 16,182	\$ 16,700	\$ 16,312	\$ 15,070	\$ 14,529	\$ 14,747	\$ 14,848	\$ 18,185	\$ 19,697	\$ 24,376	\$ 23,345	\$ 28,740	\$ 30,000
Engineering	\$ 1,856	\$ 1,450	\$ 27,328	\$ 20,375	\$ -	\$ 11,106	\$ 47,745	\$ 502	\$ -	\$ 21,759	\$ 2,309	\$ -	\$ 5,000
Customer Accounting and Collection	\$ 97,387	\$ 104,860	\$ 118,791	\$ 64,864	\$ 129,006	\$ 75,019	\$ 85,964	\$ 94,385	\$ 77,918	\$ 83,717	\$ 81,365	\$ 85,617	\$ 95,000
Administration and General Expenses	\$ 100,081	\$ 90,412	\$ 95,788	\$ 26,917	\$ 25,734	\$ 26,448	\$ 32,614	\$ 23,805	\$ 29,017	\$ 42,635	\$ 38,084	\$ 27,565	\$ -
Contractual Services - Laboratory	\$ 1,350	\$ 1,350	\$ 590	\$ 163	\$ 6,334	\$ 1,253	\$ 1,041	\$ 2,672	\$ 3,810	\$ 3,692	\$ 7,209	\$ 5,982	\$ 7,000
Contractual Services - Other	\$ 133,888	\$ 153,904	\$ 222,593	\$ 87,037	\$ 85,583	\$ 73,400	\$ 45,530	\$ 41,923	\$ 50,183	\$ 100,711	\$ 73,369	\$ 50,843	\$ 60,000
GIS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000
Transportation	\$ 21,030	\$ 21,600	\$ 28,590	\$ 19,618	\$ 20,716	\$ 17,288	\$ 18,761	\$ 25,567	\$ 21,525	\$ 46,008	\$ 17,193	\$ 23,514	\$ 25,000
Uncollectable Accounts	\$ 6,000	\$ 4,833	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,598	\$ 26,173	\$ -	\$ -
Miscellaneous Expense	\$ -	\$ -	\$ 16,571	\$ 44,032	\$ 15,802	\$ 49,738	\$ 15,532	\$ 16,317	\$ 15,266	\$ 15,238	\$ 15,395	\$ 16,497	\$ 17,000
Water Reclamation Administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 124,500
Total	\$ 428,831	\$ 435,129	\$ 618,803	\$ 371,822	\$ 372,727	\$ 321,405	\$ 312,719	\$ 271,118	\$ 283,423	\$ 414,839	\$ 345,939	\$ 292,557	\$ 454,000
BASIC USER CHARGE													
PERSONNEL													
Salaries	\$ 369,115	\$ 387,247	\$ 394,407	\$ 417,475	\$ 422,412	\$ 439,019	\$ 438,755	\$ 459,266	\$ 469,415	\$ 504,841	\$ 503,272	\$ 557,463	\$ 569,000
Social Security Taxes	\$ 28,195	\$ 29,149	\$ 29,224	\$ 32,021	\$ 33,671	\$ 36,052	\$ 36,280	\$ 40,024	\$ 30,108	\$ 36,724	\$ 40,318	\$ 37,345	\$ 44,000
Workmen's Compensation	\$ 6,325	\$ 8,484	\$ 11,251	\$ 13,683	\$ 14,321	\$ 13,587	\$ 14,327	\$ 16,706	\$ 17,898	\$ 13,592	\$ 22,558	\$ 21,857	\$ 27,000
Retirement	\$ 30,916	\$ 37,802	\$ 39,466	\$ 40,515	\$ 46,125	\$ 52,820	\$ 71,432	\$ 83,157	\$ 69,728	\$ 69,866	\$ 76,332	\$ 66,711	\$ 68,000
Health Insurance	\$ 76,219	\$ 82,737	\$ 74,053	\$ 60,813	\$ 86,824	\$ 91,375	\$ 90,410	\$ 93,087	\$ 134,340	\$ 136,672	\$ 113,518	\$ 115,376	\$ 124,500
Other Employee Benefits	\$ 8,315	\$ 6,741	\$ 7,644	\$ 7,962	\$ 12,067	\$ 8,955	\$ 8,237	\$ 9,068	\$ 10,976	\$ 11,004	\$ 15,495	\$ 8,438	\$ 15,000
CONTRACTUAL SERVICES - Purchase Power	\$ 187,823	\$ 179,300	\$ 170,878	\$ 211,252	\$ 233,824	\$ 253,429	\$ 197,407	\$ 204,392	\$ 201,869	\$ 250,398	\$ 279,800	\$ 278,889	\$ 290,000
CONTRACTUAL SERVICES - Sludge Disposal	\$ -	\$ -	\$ -	\$ 129,374	\$ 108,350	\$ 105,289	\$ 105,475	\$ 107,650	\$ 106,250	\$ 112,675	\$ 113,591	\$ 75,575	\$ 115,000
CONTRACTUAL SERVICES - Other (Sludge Hauling)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,506	\$ 32,310	\$ 33,470	\$ -	\$ -	\$ -	\$ -
SUPPLIES													
Fuel for Pretreatment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Chemicals	\$ 34,817	\$ 44,400	\$ 45,654	\$ 54,940	\$ 47,034	\$ 46,003	\$ 43,035	\$ 46,690	\$ 56,622	\$ 60,306	\$ 59,327	\$ 45,441	\$ 55,000
Materials & Supplies	\$ 82,173	\$ 121,723	\$ 113,496	\$ 164,527	\$ 144,070	\$ 105,240	\$ 88,350	\$ 109,773	\$ 104,975	\$ 98,286	\$ 122,520	\$ 99,707	\$ 110,000
TRANSFER - General Fund	\$ 130,900	\$ 129,500	\$ 125,400	\$ 118,650	\$ 124,900	\$ 126,283	\$ 125,156	\$ 127,427	\$ 128,253	\$ 126,600	\$ 131,245	\$ 119,789	\$ 135,000
Total	\$ 954,798	\$ 1,027,083	\$ 1,011,473	\$ 1,251,212	\$ 1,273,598	\$ 1,278,052	\$ 1,250,370	\$ 1,329,550	\$ 1,363,904	\$ 1,420,964	\$ 1,477,976	\$ 1,426,591	\$ 1,552,500
IEPA EQUIPMENT REPLACEMENT	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ -	\$ -	\$ 242,709	\$ 314,022
NON-DEBT FUNDED PROJECTS	\$ 888,110	\$ 504,800	\$ 2,292,108	\$ 320,500	\$ 877,296		\$ 161,705	\$ 1,111,259	\$ 411,647	\$ 1,005,842	\$ 1,930,647	\$ 1,389,087	\$ 516,250
CAPITAL RECOVERY													
Principal	\$ 562,900	\$ 562,900	\$ 562,900	\$ 592,900	\$ 530,000	\$ 565,000	\$ 585,000	\$ 605,000	\$ 620,000	\$ 645,000	\$ 650,000	\$ -	\$ -
Interest	\$ 417,800	\$ 417,800	\$ 417,800	\$ 426,800	\$ 253,247	\$ 172,037	\$ 157,315	\$ 137,440	\$ 91,954	\$ 77,044	\$ 28,614	\$ 22,411	\$ 29,000
D.I.E. Payments	\$ 60,000	\$ 60,000	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
IEPA SRL Fund Payment	\$ -	\$ -	\$ -	\$ -	\$ 212,280	\$ 218,662	\$ 231,048	\$ 237,669	\$ 237,669	\$ 243,983	\$ 251,490	\$ 255,425	\$ 256,000
Total	\$ 1,040,700	\$ 1,040,700	\$ 1,040,700	\$ 1,019,700	\$ 995,527	\$ 955,699	\$ 973,363	\$ 980,109	\$ 949,623	\$ 966,027	\$ 930,104	\$ 277,836	\$ 285,000
TOTAL EXPENDITURES	\$ 3,462,439	\$ 3,157,712	\$ 5,113,084	\$ 3,113,234	\$ 3,669,148	\$ 2,675,156	\$ 2,818,157	\$ 3,812,036	\$ 3,128,597	\$ 3,807,672	\$ 4,684,666	\$ 3,628,780	\$ 3,121,772
REVENUES													
Water Reclamation Sales													
Residential	\$ 840,468	\$ 865,579	\$ 861,420	\$ 858,561	\$ 888,671	\$ 951,942	\$ 995,190	\$ 994,667	\$ 985,314	\$ 987,550	\$ 991,932	\$ 983,878	\$ 1,227,300
Commercial	\$ 986,647	\$ 1,001,063	\$ 920,113	\$ 720,229	\$ 720,229	\$ 798,777	\$ 817,666	\$ 842,561	\$ 846,852	\$ 933,391	\$ 849,489	\$ 833,902	\$ 949,400
Industrial	\$ 645,433	\$ 745,252	\$ 659,579	\$ 731,472	\$ 831,448	\$ 901,370	\$ 877,858	\$ 842,257	\$ 803,977	\$ 719,022	\$ 914,129	\$ 546,589	\$ 690,200
Creston									\$ 70,733	\$ 88,351	\$ 72,343	\$ 85,957	\$ 92,900
Interdepartmental	\$ 5,519	\$ 5,824	\$ 5,696	\$ 4,703	\$ 5,611	\$ 4,847	\$ 4,174	\$ 3,832	\$ 3,921	\$ -	\$ -	\$ -	\$ -
Surcharges (1)	\$ -	\$ -	\$ -	\$ 140,414	\$ 86,424	\$ 129,329	\$ 112,397	\$ 118,497	\$ 154,606	\$ 136,880	\$ 116,322	\$ 82,664	\$ 100,000
Water Division Building Rental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,000	\$ 48,000	\$ 48,000
Other Operating Revenues	\$ 28,512	\$ 19,085	\$ 35,515	\$ 58,955	\$ 59,568	\$ 53,223	\$ 89,216	\$ 39,967	\$ 32,565	\$ 36,963	\$ 264,868	\$ 101,145	\$ 100,000
Interest	\$ 152,600	\$ 191,311	\$ 177,796	\$ 108,759	\$ 106,187	\$ 38,763	\$ 15,286	\$ 13,146	\$ 11,574	\$ 11,804	\$ 8,842	\$ 8,293	\$ 8,000
Use of Cash Reserves	\$ 391,173	\$ 202,372	\$ 1,022,504	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Contributions (Developer Contributions and Grants)	\$ 496,937	\$ 302,428	\$ 746,878	\$ 825,247	\$ 514,394	\$ -	\$ 126,814	\$ 1,060,137	\$ 71,837	\$ 656,229	\$ 3,863	\$ -	\$ -
IEPA RFL Revenues For Askvig Subdivision Sewer	\$ -	\$ -	\$ 522,726	\$ 65,241	\$ -	\$ 29,287	\$ 29,392	\$ 29,187	\$ 52,028	\$ 42,205	\$ 29,395	\$ 29,407	\$ 31,200
Total Revenues	\$ 3,547,289	\$ 3,332,914	\$ 4,952,227	\$ 3,513,581	\$ 3,212,532	\$ 2,907,538	\$ 3,067,993	\$ 3,944,251	\$ 3,033,407	\$ 3,612,395	\$ 3,299,183	\$ 2,719,835	\$ 3,247,000
NET INCOME/(LOSS)	\$ 84,850	\$ 175,202	\$ (160,857)	\$ 400,347	\$ (456,616)	\$ 232,382	\$ 249,836	\$ 132,215	\$ (95,190)	\$ (195,277)	\$ (1,385,483)	\$ (908,945)	\$ 125,228

RMU Water Reclamation Division
Equipment Replacement Budget

Process	Equipment Description	Year Installed	Replacement Cost	Life Exp. (Yrs)	Annual Cost
System 1 Pumping Station	Flow meter		\$ 6,500	10	\$ 650
	Pump - ABS - 250J	2012	\$ 20,000	10	\$ 2,000
	Pump - Chicago	Rebuilt 2012	\$ 20,000	10	\$ 2,000
	Motor control center		\$ 20,000	10	\$ 2,000
	Bypass pump		\$ 30,000	15	\$ 2,000
	Hoist		\$ 15,000	20	\$ 750
Preliminary Building	Rotostrainer		\$ 65,000	20	\$ 3,250
	Jeta		\$ 50,000	20	\$ 2,500
	Grit pump		\$ 15,000	8	\$ 1,875
	Barscreen - Infilco		\$ 75,000	20	\$ 3,750
	Hoist		\$ 15,000	30	\$ 500
EQ Basin	Diffusers		\$ 10,000	20	\$ 500
Domestic Pumping Station	ABS 2501	1995	\$ 20,000	10	\$ 2,000
	ABS 2501	1995	\$ 20,000	10	\$ 2,000
	ABS 2501	1995	\$ 20,000	10	\$ 2,000
	Control Panel	1995	\$ 35,000	20	\$ 1,750
	Hoist	1992	\$ 15,000	20	\$ 750
Blower Building	Aerzen Turbo Blower	2015	\$ 180,000	20	\$ 9,000
	Spencer blower - 250 hp	1992	\$ 125,000	20	\$ 6,250
	Spencer blower - 250 hp	1992	\$ 125,000	20	\$ 6,250
	Spencer blower - 250 hp	1992	\$ 125,000	20	\$ 6,250
	Limitorque valve (4)	2003	\$ 5,000	20	\$ 250
	Escor blower control	2003	\$ 25,000	15	\$ 1,667
	Motor control center	1992	\$ 250,000	25	\$ 10,000
	Transfer Switch Gear	1992	\$ 200,000	20	\$ 10,000
Nitrification Tanks	Membranes		\$ 28,000	8	\$ 3,500
	DO Meter		\$ 3,500	5	\$ 700
	DO Meter		\$ 3,500	5	\$ 700
Clarifier - N	Grout Slab Replacement		\$ 50,000	20	\$ 2,500
	Tow bro (n) - weirs and drive		\$ 75,000	20	\$ 3,750
Clarifier - S	Grout Slab Replacement		\$ 50,000	20	\$ 2,500
	Tow bro (s) - weirs and drive		\$ 75,000	20	\$ 3,750
Sand Filter Building	Aqua Aerobics Sand Filter		\$ 125,000	20	\$ 6,250
	Aqua Aerobics Sand Filter		\$ 125,000	20	\$ 6,250
	Aqua Aerobics Sand Filter		\$ 125,000	20	\$ 6,250
	Return pump 15 hp - ITT	1992	\$ 15,000	10	\$ 1,500
	Return pump 15 hp - ITT	1992	\$ 15,000	10	\$ 1,500
	Return pump 15 hp - ITT	1992	\$ 15,000	10	\$ 1,500
	Wasting pump 7.5 hp - ITT	1992	\$ 10,000	10	\$ 1,000
	Wasting pump 7.5 hp - ITT	1992	\$ 10,000	10	\$ 1,000
ALE Pumping Building	ALE Pump #1	2003	\$ 7,500	10	\$ 750
	ALE Pump #2	2003	\$ 7,500	10	\$ 750
	Controller	2003	\$ 1,800	15	\$ 120
	Hoist	1992	\$ 15,000	20	\$ 750
Chlorine Building	NPW Pump	2009	\$ 2,500	10	\$ 250
	NPW Pump	1992	\$ 2,500	10	\$ 250
	NPW Pump	1992	\$ 2,500	10	\$ 250
	Chlorine feed system; scales	1992	\$ 20,000	10	\$ 2,000
	Hoist	1992	\$ 20,000	20	\$ 1,000
Dewatering Building	Centrifuge - Alfa Laval PM 38000	1992	\$ 300,000	20	\$ 15,000
	Centrifuge - Alfa Laval PM 38000	1992	\$ 300,000	20	\$ 15,000
	Centrifuge - Alfa Laval PM 38000	1992	\$ 300,000	20	\$ 15,000
	GBT - Komline Sanderson 2 meter	1992	\$ 165,000	20	\$ 8,250
	GBT - Komline Sanderson 2 meter	1992	\$ 165,000	20	\$ 8,250
	Polymer Blending Unit	1992	\$ 12,000	20	\$ 600
	Polymer Blending Unit	2009	\$ 12,000	20	\$ 600
	Auger	2008	\$ 25,000	10	\$ 2,500
	Conveyor - U-trough	2008	\$ 15,000	15	\$ 1,000
	Sludge pump	2008	\$ 8,000	10	\$ 800
	Sludge pump	2010	\$ 8,000	10	\$ 800
	Hoist	1992	\$ 25,000	20	\$ 1,250
Heating	Dewatering	1992	\$ 35,000	15	\$ 2,333
	Lab	1992	\$ 65,000	20	\$ 3,250
	ALE	2012	\$ 15,000	20	\$ 750
	Prelim	2011	\$ 15,000	20	\$ 750
	Chlorine	2011	\$ 35,000	15	\$ 2,333
Roof	Prelim	2012	\$ 15,000	25	\$ 600
	Blower	2011	\$ 125,000	25	\$ 5,000
	ALE	2012	\$ 26,500	25	\$ 1,060
	Sandfilter	1992	\$ 92,500	25	\$ 3,700
	Dewatering	1992	\$ 72,500	25	\$ 2,900
	Lab	2011	\$ 50,000	25	\$ 2,000
	Chlorine	2011	\$ 25,000	25	\$ 1,000
Anaerobic Lagoon	Gas handling equipment	2006	\$ 125,000	20	\$ 6,250
	Lagoon cover	1992	\$ 500,000	20	\$ 25,000
Lift Stations	First Ave	2012	\$ 125,000	15	\$ 8,333
	Hwy. 38 W	1998	\$ 100,000	15	\$ 6,667
	Akesson	1998	\$ 75,000	15	\$ 5,000
	Caron Rd	2012	\$ 125,000	15	\$ 8,333
	Jack Dame	2003	\$ 75,000	15	\$ 5,000
	Wiscold	1994	\$ 50,000	15	\$ 3,333
	Hwy. 38 E	1984	\$ 50,000	15	\$ 3,333
	Lakeview	2012	\$ 75,000	15	\$ 5,000
	Cleveland 1	1998	\$ 50,000	15	\$ 3,333
	Cleveland 2	1964	\$ 50,000	15	\$ 3,333
	Del Monte	1984	\$ 50,000	15	\$ 3,333
Administration Building	SCADA	2011	\$ 65,000	15	\$ 4,333
Total Equipment Replacement Budget					\$ 314,022

RMU Water Reclamation Division
Non-Debt Funded Projects Budget

NON-DEBT FUNDED PROJECTS BUDGET			
	Total Cost	Schedule	Cost Per Year
LIFT STATIONS			\$ -
SANITARY SEWER SYSTEM			
Sanitary Sewer Replacement/Rehabilitation			\$ 300,000
Sanitary Sewer to Cleveland Lift Station	\$ 400,000	4 Yrs	\$ 100,000
Total Sanitary Sewer System			\$ 400,000
WATER RECLAMATION PLANT			\$ -
REPLACEMENT ITEMS-COLLECTION SYSTEM			
Meter Replacement			\$ 15,000
Miscellaneous Equipment	\$ 25,000	10 Yrs	\$ 2,500
Manhole Replacement/Sewer Point Repairs	\$ 30,000	1 Yrs	\$ 30,000
Total			\$ 47,500
VEHICLES AND EQUIPMENT			
Vactor Truck	\$ 375,000	12 Yrs	\$ 31,250
Ford F350	\$ 40,000	8 Yrs	\$ 5,000
Chevy S10 Carryall	\$ 30,000	6 Yrs	\$ 5,000
Chevy 4x4	\$ 30,000	6 Yrs	\$ 5,000
Ford Explorer	\$ 35,000	10 Yrs	\$ 3,500
Camera Truck	\$ 100,000	10 Yrs	\$ 10,000
GMC Canyon	\$ 30,000	6 Yrs	\$ 5,000
Portable Pumps and Generators	\$ 40,000	10 Yrs	\$ 4,000
Total			\$ 68,750
TOTAL NON-DEBT FUNDED PROJECTS			\$ 516,250

RMU Water Reclamation Division
Basic User Rate Calculation

	Cost Allocation of O & M to WRD Processes							Cost Allocation of O & M to Users						
	Personnel	Power	Chemicals	Materials and Supplies	Sludge Disposal	General Fund Transfer	Total O & M Budget	Item Split	City		Hormel		Creston	
									Benefit	Cost	Benefit	Cost	Benefit	Cost
Raw Sewage Pump Station	\$ 24,376	\$ 42,278	\$ -	\$ 550	\$ -	\$ -	\$ 67,204	5	x	\$ 20,161.23	x	\$ 47,042.86		\$ -
Anaerobic Lagoons	\$ 11,843	\$ -	\$ -	\$ 1,100	\$ -	\$ -	\$ 12,943	0		\$ -	x	\$ 12,943.19		\$ -
Anaerobic Lagoon Effluent Pumps	\$ 4,340	\$ 10,147	\$ -	\$ 550	\$ -	\$ -	\$ 15,037	5	x	\$ 4,511.01	x	\$ 10,525.68		\$ -
Bar Screen	\$ 2,468	\$ 23	\$ -	\$ 5,060	\$ -	\$ -	\$ 7,551	2	x	\$ 6,810.64		\$ -	x	\$ 740.16
Grit Collection	\$ 3,357	\$ 1,691	\$ -	\$ 1,100	\$ -	\$ -	\$ 6,148	2	x	\$ 5,545.17		\$ -	x	\$ 602.63
Equalization Basin	\$ 1,481	\$ 15,490	\$ -	\$ 550	\$ -	\$ -	\$ 17,521	2	x	\$ 15,803.84		\$ -	x	\$ 1,717.50
Excess Flow Lagoon	\$ 3,455	\$ -	\$ -	\$ 550	\$ -	\$ -	\$ 4,005	2	x	\$ 3,612.79		\$ -	x	\$ 392.63
Excess Flow Vault	\$ 3,357	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,357	2	x	\$ 3,027.66		\$ -	x	\$ 329.03
Domestic Pump Station	\$ 11,354	\$ 42,278	\$ -	\$ 550	\$ -	\$ -	\$ 54,181	2	x	\$ 48,870.09		\$ -	x	\$ 5,311.02
Nitrification Tanks and Blowers	\$ 97,245	\$ 94,454	\$ -	\$ 11,660	\$ -	\$ -	\$ 203,359	4	x	\$ 72,332.14	x	\$ 123,148.92	x	\$ 7,878.21
Ntrification Clarifiers	\$ 57,064	\$ 4,228	\$ -	\$ 1,100	\$ -	\$ -	\$ 62,392	3	x	\$ 40,264.56	x	\$ 17,751.14	x	\$ 4,375.81
Return Pumps	\$ 6,220	\$ 25,367	\$ -	\$ 550	\$ -	\$ -	\$ 32,136	3	x	\$ 20,739.29	x	\$ 9,143.18	x	\$ 2,253.87
Tertiary Filters	\$ 28,631	\$ 634	\$ -	\$ 6,050	\$ -	\$ -	\$ 35,315	3	x	\$ 22,790.47	x	\$ 10,047.47	x	\$ 2,476.79
Chlorination	\$ 14,118	\$ 170	\$ 14,043	\$ 605	\$ -	\$ -	\$ 28,936	3	x	\$ 18,673.85	x	\$ 8,232.60	x	\$ 2,029.41
Dechlorination	\$ 12,076	\$ 170	\$ 5,851	\$ 605	\$ -	\$ -	\$ 18,702	3	x	\$ 12,069.53	x	\$ 5,321.00	x	\$ 1,311.67
Gravity Belt Thickener	\$ 47,783	\$ 3,263	\$ 35,106	\$ 10,780	\$ -	\$ -	\$ 96,932	4	x	\$ 34,477.40	x	\$ 58,699.43	x	\$ 3,755.18
Centrifuge System	\$ 38,108	\$ 17,128	\$ -	\$ 10,780	\$ -	\$ -	\$ 66,017	4	x	\$ 23,481.20	x	\$ 39,977.86	x	\$ 2,557.51
Sludge Disposal/Hauling	\$ 4,677	\$ -	\$ -	\$ -	\$ 115,000	\$ -	\$ 119,677	4	x	\$ 42,567.37		\$ 72,472.97		\$ 4,636.32
Laboratory	\$ 137,690	\$ 567	\$ -	\$ 5,610	\$ -	\$ -	\$ 143,867	3	x	\$ 92,845.13	x	\$ 40,931.95	x	\$ 10,090.07
Non-Potable Water System	\$ 5,726	\$ 2,114	\$ -	\$ 550	\$ -	\$ -	\$ 8,390	3	x	\$ 5,414.48	x	\$ 2,387.04	x	\$ 588.43
General	\$ 38,775	\$ -	\$ -	\$ 11,000	\$ -	\$ -	\$ 49,775	3	x	\$ 32,122.26	x	\$ 14,161.51	x	\$ 3,490.93
Sewer System	\$ 95,474	\$ -	\$ -	\$ 27,500	\$ -	\$ -	\$ 122,974	5	x	\$ 115,595.68	x	\$ 6,148.71	xx	\$ 1,229.74
Lift Stations	\$ 85,238	\$ 30,000	\$ -	\$ 13,200	\$ -	\$ -	\$ 128,438	5	x	\$ 120,731.91		\$ -	xx	\$ 7,706.29
General Labor	\$ 112,644	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 112,644	3	x	\$ 72,694.91	x	\$ 32,048.47	x	\$ 7,900.22
General Fund Transfer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 135,000	\$ 135,000	3	x	\$ 87,122.68	x	\$ 38,409.14	x	\$ 9,468.18
Total O&M Budget	\$ 847,500	\$ 290,000	\$ 55,000	\$ 110,000	\$ 115,000	\$ 135,000	\$ 1,552,500			\$ 922,265.28		\$ 549,393.12		\$ 80,841.59
Surcharge Revenue										\$ 60,000.00		\$ 40,000.00		\$ -
Basic User Rate O&M Budget										\$ 862,265.28		\$ 509,393.12		\$ 80,841.59
Basic User Rate										\$ 2.404		\$ 3.222		\$ 2.074
									Existing Rate	\$ 2.440		\$ 2.540		\$ 1.990
									Increase/(Decrease)	\$ (0.04)		\$ 0.68		\$ 0.08

Basis of Allocation		Flow (HCF)
City Flow		358606
Hormel Foods Flow		158096
Creston Flow		38972
As Shown	0	
Based on City & Hormel Foods Flow	1	516702
Based on City and Creston Flow	2	397578
Based on all flows	3	555674
Based on BOD	4	
City BOD		1570
Hormel BOD		2673
Creston BOD		171
Total BOD		4414
Based on System Use	5	

RMU Water Reclamation Division
Equipment Replacement Rate Calculation

	Allocation of Equipment Replacement Cost to User Class for Equipment Replacement Charge Computation							
	Total Cost	Item Split	City		Hormel		Creston	
			Benefit	Cost	Benefit	Cost	Benefit	Cost
System 1 Lift Station	\$ 9,400.00	5	x	\$ 2,820.00	x	\$ 6,580.00		\$ -
Anaerobic Lagoon	\$ 31,250.00	0		\$ -	x	\$ 31,250.00		\$ -
Preliminary Building	\$ 11,875.00	2	x	\$ 10,710.97		\$ -	x	\$ 1,164.03
EQ Basin	\$ 500.00	2	x	\$ 450.99		\$ -	x	\$ 49.01
Domestic Lift Station	\$ 8,500.00	2	x	\$ 7,666.80		\$ -	x	\$ 833.20
Blower Building	\$ 49,666.67	4	x	\$ 17,666.76	x	\$ 30,076.80	x	\$ 1,924.11
Nitrification Tanks	\$ 4,900.00	4	x	\$ 1,742.86	x	\$ 2,967.31	x	\$ 189.83
Final Clarifiers	\$ 12,500.00	4	x	\$ 4,446.08	x	\$ 7,569.66	x	\$ 484.25
Sand Filter Building	\$ 25,250.00	4	x	\$ 8,981.08	x	\$ 15,290.72	x	\$ 978.19
ALE Pumping Building	\$ 2,370.00	5	x	\$ 711.00	x	\$ 1,659.00	x	\$ -
Chlorine Bilding	\$ 3,750.00	3	x	\$ 2,420.07	x	\$ 1,066.92	x	\$ 263.00
Dewatering Building	\$ 69,050.00	4	x	\$ 24,560.15	x	\$ 41,814.83	x	\$ 2,675.02
Building HVAC	\$ 9,416.67	3	x	\$ 6,077.08	x	\$ 2,679.16	x	\$ 660.43
Building Roofs	\$ 16,260.00	3	x	\$ 10,493.44	x	\$ 4,626.17	x	\$ 1,140.39
First Avenue Lift Station	\$ 8,333.33	2	x	\$ 7,516.47		\$ -	x	\$ 816.86
Sewer System and Other Lift Stations	\$ 46,666.67	0	x	\$ 46,666.67		\$ -		\$ -
SCADA	\$ 4,333.33	3	x	\$ 2,796.53	x	\$ 1,232.89	x	\$ 303.92
	\$ 314,021.67			\$ 155,725.96		\$ 146,813.45		\$ 11,482.25
Equipment Replacement Rate				\$ 0.434		\$ 0.929		\$ 0.295
			Existing Rate	\$ 0.150		\$ 0.430		\$ 0.260
			Increase/(Decrease)	\$ 0.28		\$ 0.50		\$ 0.03

Basis of Allocation		Flow (HCF)
City Flow		358606
Rochelle Foods Flow		158096
Creston Flow		38972
As Shown	0	
Based on City & Rochelle Foods Flow	1	516702
Based on City and Creston Flow	2	397578
Based on all flows	3	555674
Based on BOD	4	
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Total BOD		4414
Based on System Use	5	