



To: David Plyman

From: Adam Lanning

Date: November 9, 2016

Re: Rate Adjustment

Upon request of Rochelle Municipal Utilities, Willet Hoffman & Associate's conducted a rate study for both the water and water reclamation divisions. On October 19th, Matt Hansen presented the findings of the study to the Utility Advisory Board and again on October 24th to this Council. The findings for both divisions resulted in a proposed residential rate increase of 10.7% for both divisions and would reflect an average of \$7.14 increase per month on a typical residential user. The average combined water and sewer bill in this area is \$70.55 per month and the proposed increase would put RMU at \$81.62 per month.

This proposed rate increase is partly due to the recent requirement to construct a radium removal plant and the need to invest in replacing underground utility lines. We are currently replacing the lines on a schedule that is double the recommended time frame at today's dollar.

My recommendation is to pass a resolution authorizing an annual water reclamation rate increase effective January 1, 2017 which is outlined in exhibit A. I also recommend passing a resolution authorizing a water rate increase effective July 1, 2017 outlined in Exhibit A.

Cc: Adam Lanning, Water/Water Reclamation