

ST. CLAIR TOWNSHIP WASTEWATER RATE EVALUATION

prepared by

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ST. CLAIR TOWNSHIP
WASTEWATER RATE EVALUATION
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ST. CLAIR TOWNSHIP
WASTEWATER RATE EVALUATION
TABLE 1 - SUMMARY

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St. Clair Township wastewater revenue needs for FY11 tot	<u>For Options 1-4</u>	
O&M less Swansea and Belleville payments	\$	1,185,520
Belleville for treatment service		330,000
Swansea for transport and treatment		
O&M	536,892	
20 year debt on new plant	506,604	
Past one time debt	<u>in long term funding</u>	
		1,043,496
Total O&M Expense.....		2,559,016
Total Capital Expenditures		191,000
Other Expenditures		2,000
Capital Improvement, long term funding		66,334
Total Revenue Needs.....	\$	2,818,350

<u>Sales Quantities (Assumes FY11 same as FY10):</u>		
Gallons water sold to ww customers		477,301,582
Number of bills bi-monthly for Rtes 7, 8 & 9; monthly for :		52,174
# bills x # equivalent services all on monthly basis		112,057
Gallons sold over minimums		283,756,878

	Current	RATE OPTIONS		
		1	2	3
Bi-Monthly minimum per equivalent service for 4,000 gallons	\$ 17.26	\$ 28.68	\$ 24.66	\$ 20.14
Per 1,000 gallons thereafter	\$ 2.55	\$ 4.27	\$ 5.07	\$ 5.96
Sales Dollars	\$ 1,690,632	\$ 2,819,021	\$ 2,819,021	\$ 2,819,605
12,000 gallons in 2 months user pays, minimum	\$ 17.26	\$ 28.68	\$ 24.66	\$ 20.14
plus 12,000 - 4,000 = 8,000 gallons of usage	\$ 20.40	\$ 34.17	\$ 40.52	\$ 47.68
plus 12,000 gallons of usage				
12,000 gallon user pays every 2 months, total	\$ 37.66	\$ 62.85	\$ 65.18	\$ 67.82

NOTES on options:
Option #1 keeps the 57% "minimum bills generated revenue" - to - "total revenue generated" that the current rates have.
Option #2 revises that ratio to 49%.
Option #3 revises that ratio to 40%.

Note that all 3 options are based on a full year of revenue collection at the rates shown. If the rates are revised for bills beginning with the October 2010 bill, 6 months of FY11 will have been billed at the current rate. This will create a \$564,000 shortfall in FY11. It will have to be made up using reserve funds. But, in FY12 the rates should be close with only adjustments for inflation and capital improvements.

O&M as shown on Table 3 includes income revenue from interest, penalties, tap-in fees, and employee sharing revenue from Roads & Parks.

ST. CLAIR TOWNSHIP
WASTEWATER RATE EVALUATION
TABLE 2 - not used

ST. CLAIR TOWNSHIP
WASTEWATER RATE EVALUATION
TABLE 3 - NON-RATE REVENUE (INCOME) & EXPENSES

WITH SWANSEA \$500,000 PAST DEBT IN 10 YEAR CAPITAL IMPVT PAYOUT

Account #	Description	At 3/31/09	At 3/31/10	At 3/31/11
6	335 Tap-In Fees	(27,400)	(36,705)	(30,000)
7	353 Penalty Revenue	(14,893)	(16,306)	(14,000)
8	381 Interest Income	(45,492)	(33,808)	(30,000)
9	370 Employee Sharing Revenue from Roads & Parks		-	(92,000)
10	421 Salaries	354,622	366,360	380,000
11	440 Employee Sharing Revenue (to general)			12,220
12	451 Health Insurance	108,213	97,302	110,000
13	453 Unemployment Insurance	1,273	599	700
14	454 Wokers Comp Insurance	10,118	19,727	15,000
15	461 FICA	26,947	27,529	31,000
16	463 IMRF	36,776	36,741	45,000
17	471 Uniform Allowance	5,483	6,919	7,000
18	511 Maint Service Buildings	11,815	620	10,000
19	512 Maint Service Equipment	48,609	18,821	60,000
20	531 Accounting Fees	22,600	21,600	24,000
21	532 Engineering Fees	35,613	37,553	108,000
22	533.1 Julie Service	2,997	2,703	4,000
23	533.2 Legal Services	34,135	31,473	52,000
24	533.3 Website Services	-	40	250
25	533.4 Medical Services	722	376	1,000
26	533.5 EPA Permits	19,000	19,000	20,000
27	534 Recorder Fees	8,935	7,900	10,000
28	539 Testing Charges	4,101	1,709	35,000
29	540 Sewer Plant Operation	86,256	84,173	94,000
30	540.1 Sludge Spreading	503	1,303	3,000
31	551 Postage	13,600	13,593	15,000
32	553 Publishing	622	331	2,000
33	554 Printing	3,520	1,759	3,000
34	555 Subscriptions	1,134	665	5,000
35	556 License Fees			-
36	557 Newsletter			3,300
37	561 Dues	35	-	300
38	562 Travel Expenses	-	25	1,000
39	563 Training	252	81	1,000
40	571.1 Phones	9,160	10,008	12,000
41	571.2 Amerin IP & Water Co	171,101	145,815	
42	571.3 Alarm Systems	420	420	550
43	571.4 Electric & Gas	-	5,609	180,000
44	571.5 Water & Sewer	-	779	12,000
45	573 Garbage Disposal	3,490	1,682	3,000
46	577 Sewer Treatment - Belleville	306,943	308,843	330,000
47	578 Sewer Treatment - Swansea	373,058	423,378	1,043,496
48	579 Bank Charges	1,599	4,237	5,000
49	579.1 Bank Fees Credit Cards	3,143	3,676	5,000
50	591 General Insurance	43,579	19,713	29,000
51	592 Supervisor Bonds	2,105	-	1,200
52	594 Equipment Rental	945	1,340	3,000
53	612 Maintenance Supplies	3,424	4,534	10,000
54	617 Maintenance Grounds	211	-	1,000
55	651 Office Supplies	5,178	3,759	5,000
56	652 Operating Supplies	19,008	4,167	15,000
57	655 Fuel	21,434	8,958	17,000
58	684 Computer Charges	5,887	7,309	
59	740 State of Illinois Loan Payment	6,580	2,642	
60	TOTAL O&M EXPENSE	1,727,357	1,668,951	2,559,016
61				
62	830 Equip Purchase	2,507	15,060	48,000
63	830.1 Lift Station Equipment	35,585	2,143	-
64	830.2 UV Equipment	-	5,140	-
65	851 Sewer Line Repair	31,044	3,546	100,000
66	852 Sewer Back-up Repairs	81,347	7,577	20,000
67	855 Easement Repairs	3,120	17,433	20,000
68	870 Office Equipment & Furniture	2,248	878	3,000
69	TOTAL CAPITAL EXPENDITURES	155,851	51,777	191,000
70				
71	929 Other Expenditures	1,080		2,000
72	952 Sewer Line Construction (Depreciator	469,679		
73				
74	TOTAL NET REVENUE REQUIRED	2,353,967	1,720,728	2,752,016
75				

76 Note: See Tables 6 then 5 for annual needs considering capital improvement recovery.
HMG 6479

ST. CLAIR TOWNSHIP
WASTEWATER RATE EVALUATION
TABLE 4 - SALES

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March 3, 2009 to March 3, 2010

Rate, #	<u>Units, Gal.</u>	<u>Charge, \$</u>	<u># Bills</u>	<u>Quantity Over Min.</u>
<u>Services</u>				
1	443,307,750	1,551,601	51,482	260,008,588
2	1,514,250	5,714	105	789,886
3	483,832	2,425	48	98,267
4	975,750	3,618	42	444,016
5	282,750	1,581	30	11,008
6	897,000	4,108	66	179,259
7	297,750	1,520	24	27,510
8	1,683,750	5,049	18	1,330,251
9	888,000	3,710	18	358,510
10	355,500	1,463	6	167,753
13	238,500	1,346	6	(0)
14	1,275,000	4,558	18	650,259
29	1,971,750	6,256	12	1,275,753
47	823,500	4,987	12	46,749
64	1,236,750	6,855	6	89,000
175	1,408,500	18,123	12	(0)
240	284,250	24,854	12	(0)
BFI	2,219,250	4,037	12	1,542,529
<u>COM</u>	<u>17,157,750</u>	<u>44,795</u>	<u>245</u>	<u>16,737,541</u>
	477,301,582	1,696,602	52,174	283,756,878
DEDUCT		(10,560)	147	
POOL		(196)	7	
SUMMER		<u>(11,554)</u>	<u>365</u>	
		(22,311)	519	
<u>BILLINGS TOTAL</u>		<u>1,674,291</u>		

ST. CLAIR TOWNSHIP
WASTEWATER RATE EVALUATION
TABLE 5 - RATE OPTIONS - If new rates were in effect for all FY11

5 These options assume that FY11 rates will increase to recover all the needed revenue. This is
6 not factual as the best the Township can do is to increase rates with the October 2010 bills, so that 1/2 of the fiscal
7 year would be at the current rates. A shortfall might be made up from the CDs in the banks.
8 The past due \$500,000 debt to Swansea is recovered by either a self-loan or 10 year bank note. See Table
9 6 for the 5.5% paydown. It is totaled herein in Line 18.

11 The probable shortfall is \$564,000

	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>Change from FY10</u>
15 <u>Revenue Needs:</u>				
16 O&M Expense less Non-Rate Revenues from Table :	1,727,357	1,668,951	2,559,016	53%
17 Capital Improvements from Table 3	155,851	51,777	191,000	
18 Capital Improvement Long Term Funding from Table 6.....			66,334	
19 Other Expenditures from Table 3	1,080	-	2,000	
20 Sewer Line Const, Dep From Table 3	469,679	-	-	
21 TOTAL REVENUE NEEDS	2,353,967	1,720,728	2,818,350	64%

<u>Sales Quantities (Table 4):</u>				
24 Gallons water sold to ww customers		477,301,582	477,301,582	
25 Number of bills bi-monthly for Rtes 7, 8 & 9; monthly for 3		52,174	52,174	
26 # bills x # equivalent services all on monthly basis		112,057	112,057	
27 Gallons sold over minimums		283,756,878	283,756,878	0%

29 Option #1: This option is based on a full year collection at the rates noted. Knowing that the rates will not go into effect
30 until August of 2010, the FY 11 revenues will be less than the full-year rates would generate. However, the shortfall can
31 be made up of existing reserves with the next year's rates being close to these except for inflation and capital improvements.
32 This option uses a minimum that is close to the **57%** that the existing rates generate of the total user revenue.

		<u>FY10</u>	<u>FY11</u>	<u>Change from FY10</u>
35 Revenue needs from Line 21	\$	1,720,728	\$ 2,818,350	64%
37 Rates:				
38 Bi-monthly minimum per equivalent service for 4,000 gallons	\$	17.26	\$ 28.68	66%
39 Per 1,000 gallons thereafter	\$	2.55	\$ 4.27	67%
41 <u>Sales Dollars:</u>				
42 In minimums	\$	967,052	\$ 1,606,897	
43 In gallons beyond minimum	\$	723,580	\$ 1,211,890	
44 Total	\$	1,690,632	\$ 2,818,788	67%
46 Minimum user pays every 2 months	\$	17.26	\$ 28.68	66%
47 12,000 gallons in 2 months user pays	\$	37.66	\$ 62.85	67%

49 Option #2: This option is based on a full year collection at the rates noted. Knowing that the rates will not go into effect
50 until August of 2010, the FY 11 revenues will be less than the full-year rates would generate. However, the shortfall can
51 be made up of existing reserves with the next year's rates being close to these except for inflation and capital improvements.
52 This option uses a minimum that is close to the **49%** that the existing rates generate of the total user revenue.

		<u>FY10</u>	<u>FY11</u>	<u>Change from FY10</u>
55 Revenue needs from Line 21	\$	1,720,728	\$ 2,818,350	64%
57 Rates:				
58 Bi-monthly minimum per equivalent service for 4,000 gallons	\$	17.26	\$ 24.66	43%
59 Per 1,000 gallons thereafter	\$	2.55	\$ 5.07	99%
61 <u>Sales Dollars:</u>				
62 In minimums	\$	967,052	\$ 1,381,663	
63 In gallons beyond minimum	\$	723,580	\$ 1,437,358	
64 Total	\$	1,690,632	\$ 2,819,021	67%
66 Minimum user pays every 2 months	\$	17.26	\$ 24.66	43%
67 12,000 gallons in 2 months user pays	\$	37.66	\$ 65.18	73%

69 Option #3: This option is based on a full year collection at the rates noted. Knowing that the rates will not go into effect
70 until August of 2010, the FY 11 revenues will be less than the full-year rates would generate. However, the shortfall can
71 be made up of existing reserves with the next year's rates being close to these except for inflation and capital improvements.
72 This option uses a minimum that is close to the **40%** that the existing rates generate of the total user revenue.

		<u>FY10</u>	<u>FY11</u>	<u>Change from FY10</u>
75 Revenue needs from Line 21	\$	1,720,728	\$ 2,818,350	64%
77 Rates:				
78 Bi-monthly minimum per equivalent service for 4,000 gallons	\$	17.26	\$ 20.14	17%
79 Per 1,000 gallons thereafter	\$	2.55	\$ 5.96	134%
81 <u>Sales Dollars:</u>				
82 In minimums	\$	967,052	\$ 1,128,414	
83 In gallons beyond minimum	\$	723,580	\$ 1,691,191	
84 Total	\$	1,690,632	\$ 2,819,605	67%
86 Minimum user pays every 2 months	\$	17.26	\$ 20.14	17%
87 12,000 gallons in 2 months user pays	\$	37.66	\$ 67.82	80%

1 ST. CLAIR TOWNSHIP
 2 WASTEWATER RATE EVALUATION
 3 TABLE 6 - CAPITAL RECOVERY FUNDING
 4 **CURRENTLY ONLY INCLUDES SWANSEA PAST DEBT**
 5

6 The following Table provides costs information required for the annual funding of nonrecurring expenditures.
 7 Should the Township have to bond or otherwise borrow money to fund major expenditures, those funding
 8 requirements will be met by debt payments.

9 <u>Norrecurring Expenditure Descript</u>	10 <u>Year</u>	11 <u>Wastewater Cost Recovery</u>	12 <u>Interest</u>	13 <u>Annual</u>	14 <u>Payments</u>
15 <u>Incurred</u>	16 <u>Share</u>	17 <u>Years</u>	18 <u>Rate</u>	19 <u>Payment</u>	20 <u>Complete</u>
Equipment Purchase					
UV Equipment					
Sewer Line Repair					
Past Debt to Swansea	2011	\$ 500,000	10	5.5%	\$ 66,334
					2021
TOTAL.....				\$ 66,334	

17 **LINE 14 INCLUDES PAYING OFF THE \$500,000 PAST DEBT TO SWANSEA OVER 10 YEARS AT 5.5%**
 18 This does not include the 20 year on-going payment of \$506,604 annually for the "new" Swansea treatment
 19 plant. See Tables 1 and 3 for its inclusion.
 20