

APPENDIX A

I. INTRODUCTION

A. Purpose

The purpose of the sewer user charge system is to establish a revenue system that enables the District to generate the monies needed to own, operate and maintain the wastewater collection and conveyance system and to pay the Commission charges for treatment. The sewer user charge system shall comply with guidelines established in the Sewer Use and Service Charge Ordinance.

B. Basis of Charges

1. System Charge. The charges for debt service retirement shall be based on the number of connections to the system.
2. Sewer Use Charge. The charges for operation, maintenance and replacement shall be on a cost per gallon basis and shall be based on the total water use of system users. The cost per gallon to be applied is calculated by summing all operation, maintenance and replacement costs and dividing by total flow. The individual users will be billed in proportion to their metered water usage.

II. ANNUAL REVENUE REQUIREMENTS

A. Annual Operation and Maintenance Costs

| | |
|--|---------------------|
| Commission Salaries | \$ 3,600.00 |
| Engineering Services | 5,000.00 |
| Audit Expense and Billing Services | 6,000.00 |
| Office Supplies/Expenses | 1,750.00 |
| Insurance | 4,000.00 |
| Labor - General Manager, clerical, operators | 33,800.00 |
| Power | 20,000.00 |
| Legal | 10,000.00 |
| Wastewater Treatment | <u>177,965.00</u> |
| TOTAL OPERATION AND MAINTENANCE | \$262,115.00 |

B. Annual Replacement Costs

A replacement fund to replace equipment shall be established. Table A-1 summarizes the annual contributions.

A-1

C. Annual Debt Service

Table A-2 summarizes the total annual estimated debt service. These values will vary depending on final construction costs.

D. Annual Reserve

The Sanitary District will establish and make annual contributions to a general reserve fund intended to meet extraordinary expenses incurred by the District. The initial annual contribution is \$14, 500.

III. AD VALOREM TAXES

The Sanitary District may fund in part the annual revenue requirements through an ad valorem tax if revenue from other sources does not meet estimates. The Sanitary District does not project the need for an ad valorem tax.

IV. SEWER USER CHARGES

A. Monthly System Charge Component

$$CS = (R+DS)/U/12$$

Where:

R = Annual Contributions to Equipment Replacement Reserve and Annual Reserve

DS = Debt Service

$$= AD - T - CC - BRs - Brd - SA$$

| | |
|-----|---------------------------------|
| AD | = Total Annual Debt Service |
| T | = Ad Valorem Tax |
| CC | = Annual Connection Charges |
| BRs | = Bond Reserve Fund Interest |
| Brd | = Bond Redemption Fund Interest |
| SA | = Special Assessment Revenues |

U = Total number of connections to the system

Initial projected monthly system charge component

$$= ((\$52,500 + (\$490,283 - \$0 - \$0 - \$0 - \$0 - \$474,841))/982/12$$

$$= \$5.77/\text{Month}$$

B. Monthly Sewer Use Charge Component

$$CU = OM/G \times GU/12$$

Where:

OM = Annual Operation and Maintenance Costs Excluding Debt Service

G = Total gallons of wastewater
= GU x 982

GU = Gallons per Unit

= 2.53 people per unit x 70 gallons per person per day

= 177 gallons per unit per day x 365

= 64,642 gallons per unit per year

Initial projected monthly system charge component

$$\$262,115/63,478,444 \text{ gd} \times 64,642\text{guy}/12 = \$22.24$$

*Assuming 2.53 persons per unit using 70 gallons per day each, 365 days per year.

C. Monthly Sewer Service Charge Rate (1999)

$$SS = CS + CU = \$5.77 + \$22.24 = \$28.01/\text{unit}/\text{month}$$

adopted 10/20/2010

**APPENDIX A-2
ANNUAL DEBT SERVICE REQUIREMENTS
LAKE COMO SANITARY DISTRICT NO. 1**

| <u>YEAR</u> | <u>ANNUAL CONTRIBUTION</u> |
|-------------|----------------------------|
| 1 | \$490,283.00 |
| 2 | \$457,033.00 |
| 3 | \$450,158.00 |
| 4 | \$443,283.00 |
| 5 | \$436,408.00 |
| 6 | \$429,533.00 |
| 7 | \$422,658.00 |
| 8 | \$390,783.00 |
| 9 | \$385,283.00 |
| 10 | \$379,783.00 |
| 11 | \$374,283.00 |
| 12 | \$368,783.00 |
| 13 | \$363,283.00 |
| 14 | \$357,783.00 |
| 15 | \$352,783.00 |
| 16 | \$346,783.00 |
| 17 | \$341,283.00 |
| 18 | \$335,783.00 |
| 19 | \$230,283.00 |
| 20 | \$230,283.00 |

| | |
|-----------------------------|-----------------|
| Total Project Costs | \$17,383,000.00 |
| Clean Water Fund Grants | 10,604,930.00 |
| Clean Water Fund Loans (0%) | 4,544,970.00 |
| Market Rate Loan | 2,233,100.00 |
| Total Assessments | 4,870,160.00 |

1. Based on cost update of February 2, 1998.

| | | |
|------------------|----|--|
| 2. Total loans = | \$ | 6,778,070 |
| Less assessments | | <u>(4,870,160)</u> |
| | \$ | 1,907,910 to be paid from user charges |

3. Annual debt service assumes that monthly user charges are used to repay a portion of the 0% Clean Water Fund Loan. Special Assessments will be used to repay the market rate loan and the balance of the 0% loan.

**TABLE A-1
REPLACEMENT FUND¹
LAKE COMO SANITARY DISTRICT NO. 1**

| <u>YEAR</u> | <u>ANNUAL CONTRIBUTION</u> |
|-------------|----------------------------|
| 1 | 38,000.00 |
| 2 | 38,000.00 |
| 3 | 38,000.00 |
| 5 | 38,000.00 |
| 6 | 38,000.00 |
| 7 | 38,000.00 |
| 8 | 38,000.00 |
| 9 | 38,000.00 |
| 10 | 38,000.00 |
| 12 | 38,000.00 |
| 13 | 38,000.00 |
| 14 | 38,000.00 |
| 15 | 38,000.00 |
| 16 | 38,000.00 |
| 17 | 38,000.00 |
| 18 | 38,000.00 |
| 19 | 38,000.00 |
| 20 | 38,000.00 |

¹Replacement fund contains monies to replace the following items:
Pumps and related equipment at the District's pump station Nos. 1,2,3 and 4, generator and vehicle. The equipment, with the exception of the vehicle, has an average useful life of 20 years and initial cost of \$700,000. It is anticipated that earnings on the replacement fund deposits will offset future cost increases.