

RESOLUTION NO. 2020-68

RESOLUTION AUTHORIZING THE VILLAGE OF CALEDONIA THROUGH THE CALEDONIA SEWER UTILITY DISTRICT TO ADOPT A SEWER SERVICE CHARGE INCREASE FOR THE 4TH QUARTER OF 2020

WHEREAS, the Caledonia Utility District has a 6-year Sanitary Sewer Capital Improvement Plan (CIP) of approximately \$37.35 Million dollars (2020 – 2025). In addition to the CIP, the Mount Pleasant TID #5 Conveyance for the Interstate 94 Corridor in Caledonia (TID #1 and TID #4) has a cost share of \$27.06 Million dollars. This is a total of approximately \$64 Million dollars (principal) that will need to be funded.

WHEREAS, of the \$37.35 Million dollar CIP, the Caledonia Sewer Utility has approximately \$3.56 Million dollars currently under contract. It is anticipated that the balance of those contracts will be paid out by the end of 2020. The Village's TID #5 has contributed \$9.1 Million dollars to the CIP. Due to the recent weather (3 highly intensive rain events in May, July, and August) and the lack of additional Sanitary Sewer Capacity available, the Utility District will need to construct additional attenuation basins to mitigate and control peak sanitary sewer flows. These projects will hopefully avoid having the Village of Caledonia being placed on a Sewer Moratorium at 2 of its 3 connection points with the Racine Wastewater Utility.

WHEREAS, the Caledonia Utility District has proposed 4 major projects in 2021 and 1 major project in 2022 to mitigate and control sanitary sewer peak flows. The 5 projects are the Hoods Creek Attenuation Basin Cells 2 and 3, Central Lift Station Safety Site, Riverbend Lift Station Safety Site, Riverbend Forcemain Replacement, and the Central Lift Station Attenuation Basin. These 5 projects have an estimated cost of approximately \$29.1 Million dollars.

WHEREAS, Mount Pleasant also has work under contract and has provided Clean Water Fund Loan information for Caledonia's share of the Mount Pleasant TID #5 Conveyance. The principal is approximately \$27 Million dollars. Interest over the next 30 years is an additional \$15.6 Million dollars for a total of \$42.6 Million dollars. The first interest payment is due in 2021.

WHEREAS, a Financial Plan was prepared by Brian Della of PMA and reviewed by Dave Wagner of the Village. The Financial Plan indicates that the Sewer Utility will need to Bond approximately \$19.1 Million dollars in 2021 and \$14.6 Million dollars in 2022 to perform the CIP projects in those years.

WHEREAS, the Financial Plan also indicates that in order to complete the CIP, Bond for the projects, and pay Caledonia's share of the Mount Pleasant TID #5 Conveyance, the Sewer Service Charge will need to increase. The projected overall increase needed in the Sewer Service Charge for the entire CIP and the Mount Pleasant TID #5 Conveyance is 61.1%. The Financial Plan currently projects significant increases in most years. The specific increases are 2020 (7.1%), 2021 (8.6%), 2022 (14.7%), 2023 (1.2%), 2024 (16.7%), 2025 (10.0%), & 2026 (2.8%).

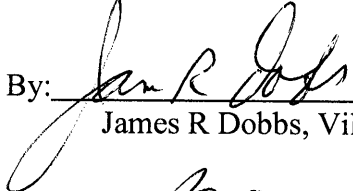
WHEREAS, the Caledonia Utility District and staff discussed the CIP, Sewer Capacity Issues, Caledonia's share of the Mount Pleasant TID #5 Conveyance, the Financial Plan, and the Sewer Service Charge increase at the August 5th Utility District Meeting. It was determined that the Sewer Service Charge Revenues for 2020 are already behind and that future increases to the Sewer Service Charge be gradual (even as much as possible) instead of abrupt.

WHEREAS, the Caledonia Utility District recommended at their August 5th, 2020 meeting that the Sewer Service Charge be raised \$14.00, which is the equivalent 11.1%. This would raise the Sewer Service Charge from \$126.00 per quarter to \$140.00 per quarter.

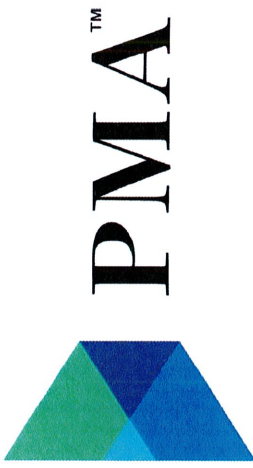
NOW, THEREFORE, BE IT RESOLVED by the Caledonia Village Board that the Sewer Service Charge be raised \$14.00 to \$140.00 per quarter effective September 15, 2020 (4th Quarter).

Adopted by the Village Board of the Village of Caledonia, Racine County, Wisconsin, this 17th day of August 2020.

VILLAGE OF CALEDONIA

By: 
James R Dobbs, Village President

Attest: 
Karie Pope, Village Clerk



Village of Caledonia, WI

Sewer Utility
Capital Improvement Plan Overview and Rate Setting Considerations

Utility Commission: August 5, 2020

Brian Della, CFA
Director, Public Finance
PMA Securities, LLC



Sewer Revenues and Cash Operating Expenses

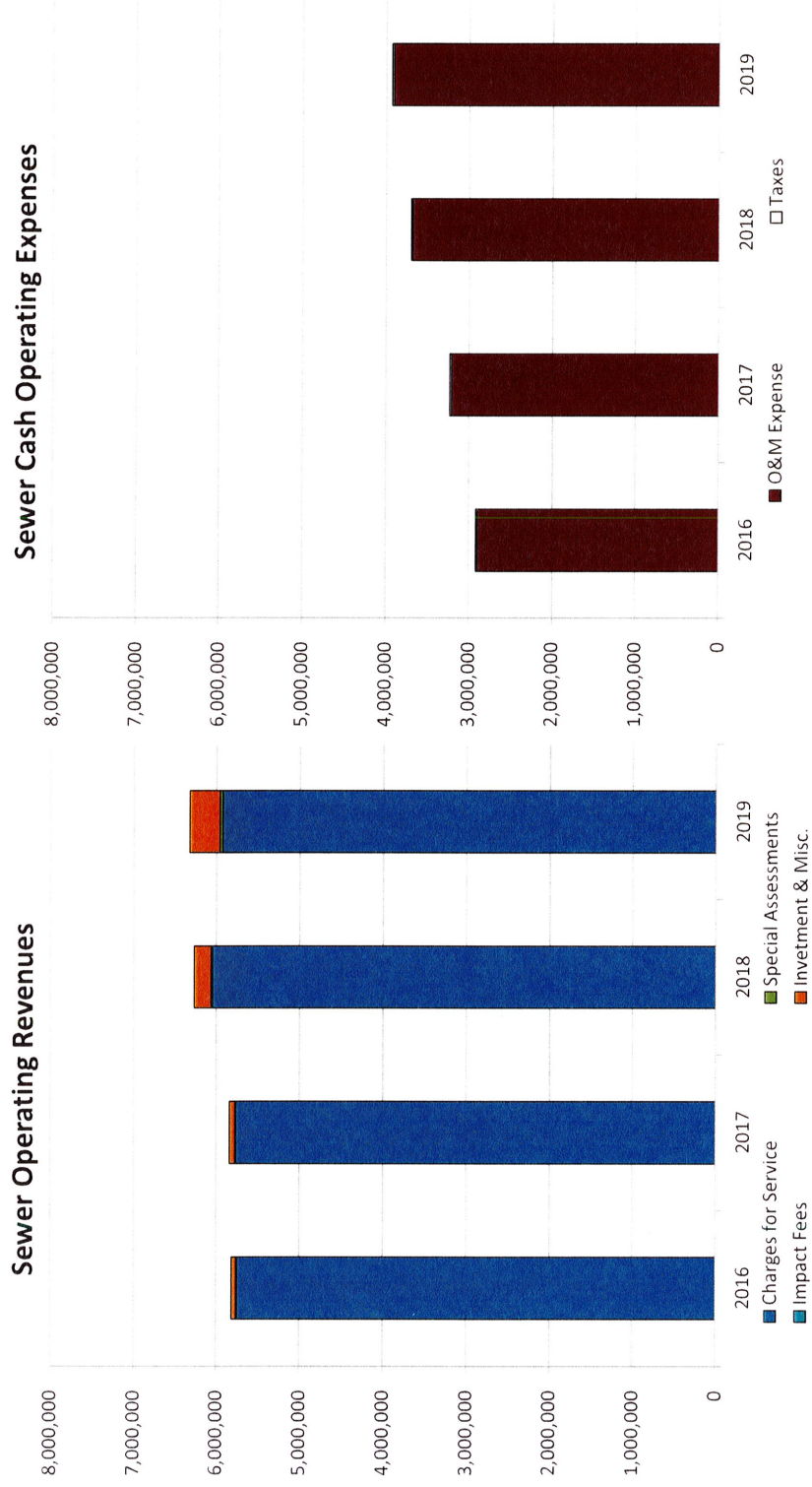
In August 2019, PMA made a similar Water & Sewer Utility presentation. Today is Sewer-Only

2019 Results

Operating Revenues
\$6.3 million

Cash Operating Expenses
\$3.9 million

Available for Sewer D.S.
\$2.4 million - Net Revenues





Existing Sewer Debt Service

Year	Paid by Net Sewer Rev.		Paid by Net Sewer Rev.		Paid by Net Sewer Rev.		Paid by Property Taxes		Total Rev. D.S.
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2018	688,104	383,586	923,401	128,019	419,144	137,013	419,144	137,013	556,157
2019	704,473	360,155	949,664	100,691	431,271	126,539	431,271	126,539	557,810
2020	841,140	429,053	976,673	72,591	443,593	115,765	443,593	115,765	559,358
2021	858,114	411,678	1,004,420	43,697	451,117	104,738	451,117	104,738	555,855
2022	875,402	387,129	994,192	14,524	463,192	93,516	463,192	93,516	556,708
2023	898,013	361,978	--	--	470,000	82,808	470,000	82,808	552,808
2024	925,954	336,092	--	--	285,000	74,478	285,000	74,478	359,478
2025	949,235	309,461	--	--	290,000	67,648	290,000	67,648	357,648
2026	977,865	282,077	--	--	295,000	60,334	295,000	60,334	355,334
2027	1,006,853	253,712	--	--	305,000	52,531	305,000	52,531	357,531
2028	1,036,208	224,331	--	--	315,000	44,159	315,000	44,159	359,159
2029	1,065,940	193,963	--	--	325,000	35,196	325,000	35,196	360,196
2030	1,091,058	164,321	--	--	335,000	25,708	335,000	25,708	360,708
2031	1,126,573	135,358	--	--	345,000	15,675	345,000	15,675	360,675
2032	1,152,496	105,333	--	--	350,000	5,250	350,000	5,250	355,250
2033	550,000	82,631	--	--	--	--	--	--	--
2034	565,000	67,406	--	--	--	--	--	--	--
2035	590,000	51,188	--	--	--	--	--	--	--
2036	605,000	33,953	--	--	--	--	--	--	--
2037	500,000	17,775	--	--	--	--	--	--	--
2038	200,000	7,881	--	--	--	--	--	--	--
2039	205,000	2,691	--	--	--	--	--	--	--
2040	--	--	--	--	--	--	--	--	--
	17,412,428	4,601,752	4,848,350	359,522	5,523,317	1,041,358	5,523,317	1,041,358	6,564,675

Sewer Revenue Debt Service is paid by Net Sewer Operating Revenues.

G.O. Debt issued to finance Sewer Projects is paid by the property tax levy.

Sewer Revenue Debt Service 2020-2022 is approximately \$2.3 million.

Net Revenues from the previous years were \$2.4 million in 2019.

Paid by Net Sewer Rev.	
Principal	Interest
2012 Clean Water Fund Loan	
2013C W&S Revenue Bonds	
2016D W&S Revenue Bonds	
2017B W&S Revenue Bonds	
2019 W&S Revenue Bonds	
2020 W&S Revenue Bonds	
2002A Racine CWFL	
2002B Racine CWFL	
2002C Racine CWFL	
2008 Racine Advance	

Paid by Property Taxes	
Principal	Interest
2001 G.O. CWFL	
2003 G.O. CWFL	
Portions of 2010A & 2012B G.O.	
Portions of 2012A & 2016B G.O.	



Village Sewer Utility Capital Improvement Plan (Detail)

Sewer Project	2020	2021	2022	2023	2024	2025	Total
Collection System							
Hwy 32, 5-6 Mile Road Recon Project Sewer Relay (DOT)	200,000	--	--	--	--	--	200,000
Caddy Vista Improvements-West	1,000,000	--	--	--	--	--	1,000,000
System Wide Sewer Capacity Modeling & Annual Sewer Televising	100,000	100,000	100,000	100,000	100,000	100,000	600,000
South Lane Replacement	900,000	--	--	--	--	--	900,000
Hood's Creek Attenuation Basin Second & Third Cell	--	10,300,000	--	--	--	--	10,300,000
Central Lift Station Attenuation Basin (95% of \$13,800,000), TID No. 5 balance	--	--	13,110,000	--	--	--	13,110,000
Caddy Vista Improvements-East	--	--	--	625,000	--	--	625,000
Annual Sewer Replacement Program	--	--	--	500,000	200,000	500,000	1,200,000
Collection System Total	2,200,000	10,400,000	13,210,000	1,225,000	300,000	600,000	27,935,000
Lift Station							
Lighthouse Drive Lift Station	600,000	--	--	--	--	--	600,000
Dominican Lift Station Replacement (47% of \$1,350,000), TID No. 5 balance	--	634,500	--	--	--	--	634,500
Central Lift Station Safety Site	--	800,000	--	--	--	--	800,000
Riverbend Lift Station Safety Site	--	1,700,000	--	--	--	--	1,700,000
Annual Lift Station Improvements	--	--	--	--	250,000	250,000	500,000
Lift Station Total	600,000	3,134,500	--	--	250,000	250,000	4,234,500
Infiltration and Inflow Improvements							
Wind Point Sewer Rehabilitation	195,000	--	--	--	--	--	195,000
Village Resurfacing Projects Utility Rehabilitations (Rio Vista Shorewood)	400,000	--	--	--	--	--	400,000
Village Resurfacing Projects Utility Rehabilitations (Wind Dale / Wind Point West)	150,000	--	--	--	--	--	150,000
4 1/2 Mile Road Sanitary Sewer Rehabilitation (zero percent TID No. 5)	--	--	--	201,100	--	--	201,100
Erie Street Sanitary Sewer Rehabilitation (zero percent TID No. 5)	--	--	--	--	--	313,600	313,600
North Main Street Resurfacing Utility Rehabilitation	--	--	--	--	--	--	--
Annual I & I Improvements	--	--	--	200,000	200,000	200,000	600,000
Infiltration and Inflow Total	745,000	--	--	401,100	200,000	513,600	1,859,700
Vehicle Replacement Total	20,000	20,000	20,000	20,000	20,000	20,000	120,000
Forcemain Total (Riverbend Forcemain)	--	3,200,000	--	--	--	--	3,200,000
Total Sewer Capital Projects	3,565,000	16,754,500	13,230,000	1,646,100	770,000	1,383,600	37,349,200



Village Sewer Utility CIP with Bond Sizing

Sewer Project	2020	2021	2022	2023	2024	2025	Total
Collection System Total	2,200,000	10,400,000	13,210,000	1,225,000	300,000	600,000	27,935,000
Lift Station Total	600,000	3,134,500	--	--	250,000	250,000	4,234,500
Infiltration and Inflow Total	745,000	--	--	401,100	200,000	513,600	1,859,700
Vehicle Replacement Total	20,000	20,000	20,000	20,000	20,000	20,000	120,000
Forcemain Total (Riverbend Forcemain)	--	3,200,000	--	--	--	--	3,200,000
Total Sewer Capital Projects	3,565,000	16,754,500	13,230,000	1,646,100	770,000	1,383,600	37,349,200
LESS:							
Sewer Cash Balance Applied	(500,000)	--	--	--	--	--	--
Sewer Net Revenue Applied	--	--	--	--	--	--	--
Developer Contribution	(258,500)	--	--	--	--	--	--
	(758,500)	--	--	--	--	--	--
Net W&S Project Deposits to Finance	2,806,500	16,754,500	13,230,000	1,646,100	770,000	1,383,600	37,349,200
Net W&S Project Deposits to Finance - By Bond Issue	2019 W&S Bonds	16,754,500	13,230,000	3,799,700			33,784,200
Sewer Revenue Bond Issue Sizing							
Project Fund Deposit	--	16,754,500	13,230,000	3,799,700	--	--	33,784,200
Debt Service Reserve Fund Deposit	--	1,388,736	1,109,579	333,352	--	--	2,831,667
Capitalized Interest	--	573,000	--	--	--	--	573,000
Cost of Issuance (estimated at 2.0% of Par)	--	382,000	292,700	84,400	--	--	759,100
Rounding	--	1,764	2,721	2,548	--	--	7,033
		19,100,000	14,635,000	4,220,000			37,955,000



Estimated Sewer Utility Borrowing (2021-2025)

Year	2021 Borrowing			2022 Borrowing			2023 Borrowing			Mt. Pleasant CWFLs		Racine WWTP CWFLs	
	Principal	CAPI	Interest	Par Rate	Par Rate	Par Rate	Principal	Interest	Principal	Interest	Principal	Interest	
2021	19,100,000	18	3.00%	1,388,736	14,635,000	3.50%	4,220,000	4.00%	570,749	508,424	---	---	
2022	---	---	---	---	---	---	---	---	573,000	512,225	---	---	
2023	---	---	---	---	---	---	---	---	589,013	847,812	---	---	
2024	815,736	---	---	597,354	512,225	---	---	---	607,861	828,964	---	---	
2025	840,208	---	---	618,262	491,318	---	---	---	627,313	809,512	---	---	
2026	865,414	---	---	639,901	469,678	164,552	168,800	168,800	647,387	789,438	---	---	
2027	891,377	---	---	662,298	447,282	171,134	162,218	162,218	668,103	768,722	---	---	
2028	918,118	---	---	685,478	424,101	185,098	148,253	148,253	689,483	747,343	---	---	
2029	945,662	---	---	709,470	400,110	192,502	140,849	140,849	711,546	725,279	---	---	
2030	974,032	---	---	734,301	375,278	200,202	133,149	133,149	734,316	679,012	---	---	
2031	1,003,253	---	---	760,002	349,578	208,211	125,141	125,141	757,814	654,762	---	---	
2032	1,033,350	---	---	786,602	322,978	216,539	116,813	116,813	782,064	629,735	---	---	
2033	1,064,351	---	---	814,133	295,447	225,201	108,151	108,151	807,090	603,909	---	---	
2034	1,096,281	---	---	842,627	266,952	234,209	99,143	99,143	832,917	577,255	---	---	
2035	1,129,170	---	---	872,119	237,460	243,577	89,775	89,775	859,570	549,749	---	---	
2036	1,163,045	---	---	902,644	206,936	253,320	80,032	80,032	887,076	521,363	---	---	
2037	1,197,936	---	---	934,236	175,343	263,453	69,899	69,899	915,463	521,363	---	---	
2038	1,233,874	---	---	966,934	142,645	273,991	59,361	59,361	944,757	492,068	---	---	
2039	1,270,890	---	---	1,000,777	108,802	284,951	48,401	48,401	974,990	461,836	---	---	
2040	1,309,017	---	---	1,035,804	73,775	296,349	37,003	37,003	1,006,189	430,636	---	---	
2041	1,348,287	---	---	1,072,057	37,522	308,203	25,149	25,149	1,038,387	398,438	---	---	
2042	---	---	---	---	---	320,531	12,821	12,821	1,071,616	365,209	---	---	
2043	---	---	---	---	---	---	---	---	1,105,907	330,918	---	---	
2044	---	---	---	---	---	---	---	---	1,141,297	295,529	---	---	
2045	---	---	---	---	---	---	---	---	1,177,818	259,007	---	---	
2046	---	---	---	---	---	---	---	---	1,215,508	221,317	---	---	
2047	---	---	---	---	---	---	---	---	1,254,404	182,421	---	---	
2048	---	---	---	---	---	---	---	---	1,294,545	142,280	---	---	
2049	---	---	---	---	---	---	---	---	1,335,971	100,854	---	---	
2050	---	---	---	---	---	---	---	---	1,378,722	58,103	---	---	
2051	19,100,000	(573,000)	7,043,250	14,635,000	6,361,880	4,220,000	2,117,933	27,064,882	15,562,464	---	---		

In addition to the three debt issues associated with presented CIP the are two larger projects.

Mount Pleasant Conveyance
MP to Finance with CWFLs
Caledonia share of total is 28.87% or \$27,064,882
Work has commenced

Racine WWTP Upgrades
Timing is TBD



Estimated Sewer Debt Service and Example Rate Increases

Year	Paid by Net W&S Revenues			Paid by Net W&S Revenues			Estimated			Estimated			Base Charges for Service		
	Principal	Interest	D.S.	Principal	Interest	D.S.	Mount Pleasant	Principal	Interest	D.S.	Required Revenues	Annual % Increase	Agg. %	\$	Annual % Increase
2018	688,104	383,586	1,071,690	923,401	128,019	1,051,420					2,569,760*			\$5,923,058	
2019	704,473	360,155	1,064,628	949,664	100,691	1,050,355					2,397,026*				
2020	841,140	429,053	1,270,193	976,673	72,591	1,049,264					2,819,000	7.1%	7.1%	421,974	7.1%
2021	858,114	411,678	1,269,792	1,004,420	43,697	1,048,117	508,461				3,326,000	8.6%	15.7%	507,000	8.6%
2022	875,402	387,129	1,262,531	994,192	14,524	1,008,716	1,423,072				4,194,000	14.7%	30.3%	868,000	14.7%
2023	898,013	361,978	1,259,991				1,423,072				4,268,000	1.2%	31.6%	74,000	1.2%
2024	925,954	336,092	1,262,046				1,423,072				5,255,000	16.7%	48.3%	987,000	16.7%
2025	949,235	309,461	1,258,696				1,423,072				5,849,000	10.0%	58.3%	594,000	10.0%
2026	977,865	282,077	1,259,942				1,423,072				6,015,000	2.8%	61.1%	166,000	2.8%
2027	1,006,853	253,712	1,260,565				1,423,072				6,015,000				
2028	1,036,208	224,331	1,260,539				1,423,072				6,015,000				
2029	1,065,940	193,963	1,259,903				1,423,072				6,010,000				
2030	1,091,058	164,321	1,255,379				1,423,072				6,017,000				
2031	1,126,573	135,358	1,261,931				1,423,072				6,013,000				
2032	1,152,496	105,333	1,257,829				1,423,072				5,387,000				
2033	550,000	82,631	632,631				1,423,072				5,387,000				
2034	565,000	67,406	632,406				1,423,072				5,396,000				
2035	590,000	51,188	641,188				1,423,072				5,394,000				
2036	605,000	33,953	638,953				1,423,072				5,273,000				
2037	500,000	17,775	517,775				1,423,072				5,394,000				
2038	200,000	7,881					1,423,072				4,755,000				
2039	205,000	2,691					1,423,072				4,755,000				
2040							1,423,072				4,755,000				
2041							1,423,072				4,755,000				
2042							1,423,072				4,755,000				
2043							1,423,072				3,366,000				
2044							1,423,072				2,256,000				
2045							1,423,072				1,923,000				
2046							1,423,072				1,923,000				
	17,412,428	4,601,752	21,598,608	4,848,350	359,522	5,207,872	36,085,261	37,955,001	14,950,062	52,905,063				3,617,974	

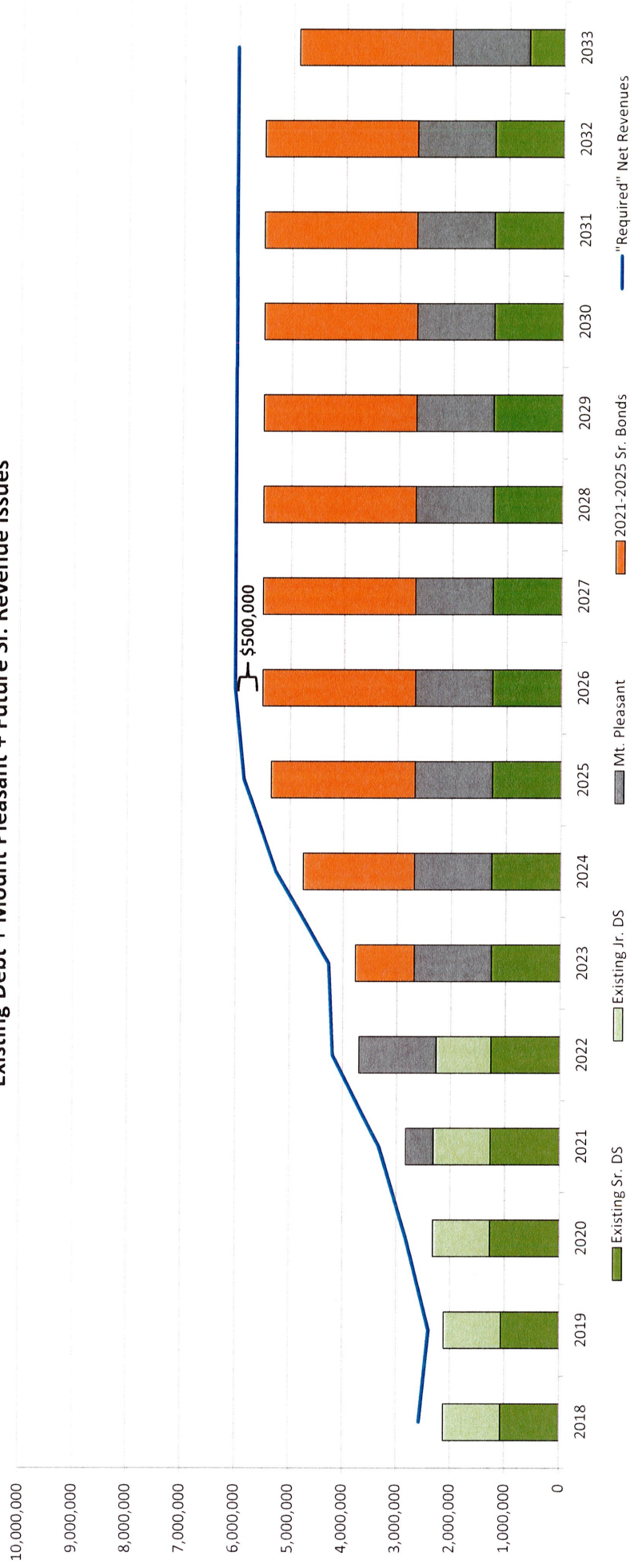
Sewer rates were last increased Q4 2019 (\$123-\$126)

In rough terms, to maintain the Sewer System's cash position, the Village would need to raise rates in years 2020-2025 (6 years), by about 10% per year.



Estimated Sewer Debt Service and Example Rate Increases

Existing Debt + Mount Pleasant + Future Sr. Revenue Issues





Disclosure

The information contained herein is solely intended to suggest/discuss potentially applicable financing applications and is not intended to be a specific buy/sell recommendation, nor is it an official confirmation of terms. Any terms discussed herein are preliminary until confirmed in a definitive written agreement.

The analysis or information presented herein is based upon hypothetical projections and/or past performance that have certain limitations. No representation is made that it is accurate or complete or that any results indicated will be achieved. In no way is past performance indicative of future results. Changes to any prices, levels, or assumptions contained herein may have a material impact on results. Any estimates or assumptions contained herein represent our best judgment as of the date indicated and are subject to change without notice. Examples are merely representative and are not meant to be all-inclusive. The information set forth herein was gathered from sources which we believe, but do not guarantee, to be accurate. Neither the information, nor any options expressed, constitute a solicitation by us for purposes of sale or purchase of any securities or commodities. Investment/financing decisions by market participants should not be based on this information.

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