

## Village of Caledonia Utility District

### COMMISSIONERS

Bob Bradley, President  
J. Felix McCauley, Sec'y  
William Infusino  
David Ruffalo  
Barney Barber  
Howard Stacey  
Thomas Weatherston

333 - 4 1/2 Mile Road  
Racine, Wisconsin 53402  
(262) 681-3900  
Fax (262) 681-3903

John Bjelajac, Legal Advisor

Xenia Ramos, Treasurer

Robert J. Lui, Manager

June 26, 2012

Mr. Keith Haas  
Utility Manager  
Racine Water & Wastewater Utilities  
800 Center Street, Room 227  
Racine, WI 53403

RE: Cost of Service Study (COSS) Ohio Street Storage Facility/  
Racine Sewer Agreement Letter of Understanding

Dear Keith:

The Village of Caledonia Board and Utility Commissioners met on June 21, 2012, to discuss the above referenced COSS and the overall approach the Racine Wastewater Utility (RWU) has taken with potential Unplanned Projects as defined in the Racine Sewer Agreement (RSA). A basis of the discussion was the series of correspondence that has occurred between you and our consulting engineer, Foth. The latest information that the RWU has provided is found in the following documents (also attached for easy reference):

1. RWU April 2, 2012 response to Foth's March 21, 2012 letter.
2. March 5, 2012 letter transmitting the 11 COSS studies (COSS not attached for reference) for the contemplated projects from the Draft AECOM Storage Optimization Study.
3. Email response to Foth's question on Unplanned Upgraded Project cost sharing methodology.
4. A May 8, 2012 document entitled "Racine Wastewater Utility Cost of Service Methodology".

The one remaining clarification from Foth's March 21 letter was: if there was an Unplanned Upgraded Project anywhere on the RWU's system, and Caledonia does not flow to that improvement, how would the project be cost shared? You addressed it in your email response by explaining in general that Caledonia would be responsible for a proportionate share based on our RSA treatment capacity percentage.

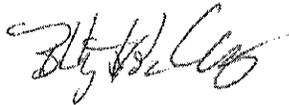
The above clarification, the examples provided in the 11 COSS studies, and the overall summary made in your May 8<sup>th</sup> document were discussed and acted on at the joint meeting held on June 21. The Village Board voted in favor of the RWU's approach to the COSS studies for application of the Ohio Street Storage Facility.

Also discussed was the need for a more detailed clarification of the cost allocation concepts and methodologies that will be used in future COSS for future Unplanned Projects. Caledonia has taken steps to prepare a discussion draft of such a clarification document and will be forwarding that to the RWU for consideration and discussion by all the parties of the RSA.

We look forward to working with the RWU as we improve our wastewater system. Please call with any questions.

Mr. Keith Haas  
Racine Water & Wastewater Utilities  
June 26, 2012  
Page 2

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Bradley". The signature is stylized and cursive.

Bob Bradley  
*Utility President – Caledonia Utility District*

c: Tom Lebak, Administrator, Village of Caledonia  
Bob Lui, Manager, Village of Caledonia Utility District  
Tom Ludwig, Utility District Engineer  
John Bjelajac, Attorney, Village of Caledonia Utility District