

Draft

Cost of Service Study

**West 6<sup>th</sup> Street Interceptor Sewer Replacement**

for

**Racine Wastewater Utility**

April 27, 2020



Racine Wastewater Utility  
Cost Allocation Study  
West 6<sup>th</sup> Street Interceptor Sewer Replacement

I. Introduction

The City of Racine will be replacing the West 6<sup>th</sup> Street Bridge over the Root River, between Horlick Park Drive and Parkview Drive. A portion of the 30-inch Root River interceptor sewer was constructed through the abutment of the existing bridge and will need to be replaced with the new construction. This segment of 30-inch sewer will be replaced in-kind. The project location is shown in Figure 1.

According to the terms of the 2002 Sewer Service Agreement, a cost of service allocation is required for any “Unplanned Upgraded Sewer Service Facilities” as defined in sections 1.114 & 1.115 of the Racine Area Intergovernmental Sanitary Sewer Service, Revenue-Sharing, Cooperation and Settlement Agreement (herein referred to as the Agreement).

II. General Framework of the Agreement

Provisions of “Unplanned Upgraded Sewer Service Facilities” are provided in section 3.4 of the Agreement. In general, these provisions include:

- a. 40 days prior notice to each party before design or construction. Notice would include to the extent practicable:
  1. What is proposed and why
  2. Timing
  3. Total cost
  4. Party cost
- b. 40 days prior notice before approval of a cost of Service Study (COSS) or a Cost of Service Cost-Base Allocation (COSC-BA)
- c. Prompt notice to each Party of a decision to design & construct or approve a COSS or COSC-BA

The Payment Schedule from section 6.2 of the Agreement stipulates:

- a. Payment is due upfront and within 60 days of written demand by the Commission
- b. Amount due is fair proportionate share of Capital Costs in accordance with its percentage share of total Allocated Treatment Capacity (see section 5.1 of the Agreement)

III. Cost of Service Allocation

The proportionate share of costs is based on Average Day Flow of the Treatment Capacity Allocation provided in Exhibit E, as defined in section 6.2 of the Agreement. The attached Table 1 shows the existing allocated treatment capacity and proportionate share of costs for all SSR communities with treatment capacity allocations.

The costs were allocated to each party based on their percentage of treatment capacity. This was computed by multiplying the percentages to the total project cost. As shown on Table 1, the costs are proposed to be allocated 48.1 % to Racine, 32.4% to Mount Pleasant, 14.5% to Caledonia, and 5.0% to Sturtevant.



Figure 1. West 6<sup>th</sup> Street sewer replacement project location map

**Table 1**  
**Racine Wastewater Utility**  
**Sixth Street Bridge Interceptor Sewer Replacement**  
**Cost Allocation for Unplanned Upgraded Facility**

	Mount Pleasant <sup>2</sup>	Racine	Caledonia <sup>2</sup>	Sturtevant	Total
<b>Wastewater Treatment Capacity Allocations<sup>1</sup></b>					
Average Day Flow (MGD)	11.490	17.060	5.130	1.780	35.460
Proportionate Share of Costs (%)	32.4%	48.1%	14.5%	5.0%	100.0%

**Summary of Unplanned Upgraded Facility Cost Allocation**

Total Project Cost	\$2,000,000
Mount Pleasant Share	\$648,054
Racine Share	\$962,211
Caledonia Share	\$289,340
Sturtevant Share	\$100,395
<b>Total</b>	<b>\$2,000,000</b>

Notes:

1. Wastewater Treatment Capacity Allocations provided in Exhibit E of the Agreement.
2. Treatment capacity allocation reflects the sale of 1.0 MGD of average day treatment capacity from Caledonia to Mount Pleasant.