

City of Rock Falls

603 W. 10th Street
Rock Falls, IL 61071-2854

Mayor

Rod Kleckler
815-380-5333

City Administrator

Robbin Blackert
815-564-1366



City Clerk

Pam Martinez
815-622-1100

City Treasurer

Kay Abner
815-622-1100

Rock Falls City Council Agenda
Council Chambers
603 W 10th Street, Rock Falls, IL 61071

March 7, 2023
5:30 p.m.

Call to Order at 5:30 p.m.
Pledge of Allegiance
Roll Call

Audience Requests

Community Affairs

Bethany Bland, President/CEO, Rock Falls Chamber of Commerce

Consent Agenda:

1. Approval of the minutes of the February 21, 2023, City Council Meeting ☞
2. Approval of bills as presented ☞

Ordinances 2nd Reading & Adoption:

1. Ordinance 2023-2600 – Annexing Certain Territory to the City of Rock Falls, Whiteside County, Illinois (Jody M. Young & Maggie A. Young) ☞
2. Ordinance 2023-2601 – Approving Acquisition of Electric/Communications Utility Easement ☞

City Administrator Robbin Blackert:

Information/Correspondence

Matt Cole, City Attorney
Corey Buck, City Engineer

Alderman Reports/Committee Chairman Requests

Ward 1

Alderman Bill Wangelin – Public Property/Public Works Committee Chairman

Alderman Gabriella McKanna – Finance/Insurance/Investment Committee Chairman

1. Recommendation from the ARPA Committee to approve the restoration of the Lincoln Highway Mural by ShawCraft Sign Co, 7727 Burden Rd, Machesney Park, IL in the amount of \$7,550.00 and to pay invoice in full to receive a 4% discount. ☞
2. Approve recommendation from the ARPA Committee for commitment of \$80,000.00 for City Hall bathroom renovations.

Ward 2

Alderman Brian Snow – Building Code Committee Chairman/Utility Committee Vice Chairman

1. Recommendation from the Utility Committee to waive bidding and approve the proposal by DPS Equipment Services, Inc, P.O. Box 55, Caldonia, IL to furnish labor and materials to replace 21 bearings and 11 Orbal shafts in the oxidation ditch in the amount of \$110,000.00. ☞
2. Recommendation from the Utility Committee to approve the Rate Study proposal from Utility Financial Solutions, LLC, 185 Sun Meadow Court, Holland, MI in the amount of \$31,000.00. ☞

Alderman Casey Babel – Tourism Committee Chairman

Ward 3

Alderman Steve Dowd

Alderman Cody Dornes

Ward 4

Alderman Violet Sobottka – Ordinance/License/Personnel/Safety Committee Chairman

Alderman Cathy Arduini

Mayor's Report:

Adjournment

Next City Council meeting – March 21, 2023, at 5:30 p.m.

Posted: March 3, 2023

Michelle Conklin, Deputy City Clerk

The City of Rock Falls is subject to the requirements of the Americans with Disabilities Act of 1990. Individuals with Disabilities who plan to attend this meeting and who require certain accommodations in order to allow them to observe and/or participate in the meeting, or who have questions regarding the accessibility of the meeting or the facilities, are requested to contact Mark Searing, ADA Coordinator, at 1-815-622-1108 promptly to allow the City of Rock Falls to make reasonable accommodations within 48 hours of the scheduled meeting.

City of Rock Falls

603 W. 10th Street
Rock Falls, IL 61071-2854

Regular meeting minutes of the Mayor and Aldermen of the City of Rock Falls

The regular meeting of the Mayor and City Council of Rock Falls, Illinois was called to order at 5:31 p.m. on February 21, 2023, in the Council Chambers by Mayor Rod Kleckler.

City Clerk Pam Martinez called the roll following the pledge of allegiance. A quorum was present including Mayor Kleckler, Aldermen McKanna, Wangelin, Babel, Dowd, Dornes, Arduini, and Sobottka. Absent Alderman Snow. In addition, Attorney Matt Cole and City Administrator Robbin Blackert were present.

Audience request:

None.

Community Affairs:

None.

Lifesaving Award Presentation:

Chief Pilgrim presented 3 Rock Falls Officers and four Rotary Airlock employees with plaques and certificates for their actions on January 6, 2023 to save the Life of Chester Hilty, retired owner of Rotary Airlock.

Sgt. Doug Wolber, Officer Autumn Day and Officer Matt McKanna, Rock Falls Police Department. Alieta Tarbill, Kody Johnson, Adam Schauff and Kyle Jackson, employees of Rotary Airlock.

Chester Hilty thanked all involved in saving his life on January 6, 2023.

Jim Pozzi – Republic Services introduced himself to City Council members. He handles Municipality Services and stated services from Moring will remain the same for the City of Rock Falls.

Consent Agenda:

Consent Agenda items 1-2 were read aloud by City Clerk Pam Martinez.

1. Approval of the minutes of the February 7, 2023, City Council Meeting.
2. Approval of bills as presented.

A motion was made by Alderman Wangelin to approve the Consent Agenda and second by Alderwoman McKanna.

Vote 7 aye, motion carried.

Ordinances for 2nd Reading and Adoption:

1. Ordinance 2023-2598 – Amending Chapter 18 of the Rock Falls Municipal Code Relating to Prohibited Areas of Parking

A motion was made by Alderwoman Sobottka to approve Ordinance 2023-2598 – Amending Chapter 18 of the Rock Falls Municipal Code Relating to Prohibited Areas of Parking for first reading and second by Alderman Dowd.

Vote 7 aye, motion carried.

2. Ordinance 2023-2599 – Adopting Revised Zoning Map

A motion was made by Alderwoman Sobottka to approve Ordinance 2023-2599 Adopting Revised Zoning Map for first reading and second by Alderwoman McKanna.

Vote 7 aye, motion carried.

City Administrator:

None

City Attorney:

None

City Departments:

Ted Padilla, Water Department Supervisor

Mr. Padilla presented the City Council with information about the inventory of galvanized, copper and plastic water lines in the city. Lead and Cooper testing is done every three years in the city and sent to the State testing facility. Per the law that was made effective in January 2022 Lead Service Line Replacement and Notification Act (LSLRNA), A complete material inventory is required by January 2024. Discussion will be at the Utility Committee.

Alderman Reports / Committee Chairman Requests

Alderwoman McKanna reminded the City Council the Finance Committee meeting for March will be March 28th 2023, starting at 8:15 am.

A motion was made by Alderman Babel for recommendation from the Tourism Committee to approve the Self Service Kayak Rentals through RentFun from Northville, MI to be sent to the City Attorney to approve the contract and second by Alderwoman Sobottka.

Vote 7 aye, motion carried.

Mayor's Report:

Asked for approval for Committee Assignments for Alderwoman Arduini to Finance, OLPS, and Policy and Fire.

A motion was made by Alderman Babel to approve the committee assignments for Alderwoman Arduini and second by Alderman Wangelin.

Vote via voice, all approved.

A motion was made by Alderwoman Sobottka to adjourn and second by Alderman Babel.

Vote via voice, all approved (6:20 p.m.)

Pamela Martinez

Pamela Martinez, City Clerk

CITY OF ROCK FALLS

603 W 10th Street

Rock Falls, Illinois

03/07/2023 Council Meeting

To the Mayor and City Council of the City of Rock Falls, your Committee on Finance would respectfully report that they have examined the following bills presented against the City, and have found the same correct and would recommend the payment of the various amounts to the several claimants as follows:

Tourism	\$1,913.12
Worker's Comp/General Liability	\$1,634.00
General Fund	\$47,573.58
Demolition Fund	\$116.00
Electric	\$45,922.20
IT Fund	\$16,600.44
Sewer	\$28,642.24
Water	\$22,846.89
Garbage	\$207.50
Customer Service Center	\$4,393.28
Motor Fuel Tax Fund	\$27,657.53
Customer Utility Deposits	\$2,962.39
	<hr/> <hr/>
	\$200,469.17

Alderman Wangelin
Alderman Palmer
Alderman Dornes
Alderman Arduini

INVOICES DUE ON/BEFORE 02/24/2023

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

TOURISM			
05	TOURISM		
200	COM ED	1,312.47	25.04
5032	COMCAST	4,700.66	6.19
T0005613	MOBILE AXE THROWING & ROOM	2,035.00	1,125.00
	TOURISM		1,156.23
GENERAL FUND			
01	ADMINISTRATION		
4331	CIRCUIT CLERK OF LEE COUNTY	5,500.00	50.00
4861	CIRCUIT CLERK OF WHITESIDE CO	11,500.00	7,500.00
5032	COMCAST	4,700.66	6.19
	ADMINISTRATION		7,556.19
02	CITY ADMINISTRATOR		
5032	COMCAST	4,700.66	3.10
	CITY ADMINISTRATOR		3.10
04	BUILDING		
5032	COMCAST	4,700.66	12.39
	BUILDING		12.39
05	CITY CLERK'S OFFICE		
5032	COMCAST	4,700.66	12.37
	CITY CLERK'S OFFICE		12.37
06	POLICE		
2451	MENARDS	7,714.84	-54.17
4796	VERIZON WIRELESS	12,061.29	287.94
5032	COMCAST	4,700.66	95.93
651	NICOR	100,343.81	401.80

INVOICES DUE ON/BEFORE 02/24/2023

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

GENERAL FUND			
06	POLICE		
825	ILLINOIS SECRETARY OF STATE	771.00	50.00
	POLICE		781.50
07	CODE HEARING DEPARTMENT		
4929	TIMOTHY J SLAVIN	5,650.00	750.00
	CODE HEARING DEPARTMENT		750.00
10	STREET		
110	BONNELL INDUSTRIES, INC.	12,038.23	8,981.10
194	GRUMMERT'S HARDWARE - R.F.	7,150.40	3.14
3010	CUSTOM MONOGRAM	1,219.80	285.00
4796	VERIZON WIRELESS	12,061.29	58.68
5032	COMCAST	4,700.66	6.19
T0005346	ESSENCE CHEMICAL COMPANY	6,149.19	415.79
	STREET		9,749.90
12	PUBLIC PROPERTY		
4651	MOST PLUMBING & MECHANICAL LLC	26,887.15	698.00
T0001874	WHITESIDE COUNTY, AS TRUSTEE		7,011.00
	PUBLIC PROPERTY		7,709.00
13	FIRE		
2451	MENARDS	7,714.84	118.22
2509	RENNERT'S FIRE EQUIPMENT		58.29
3010	CUSTOM MONOGRAM	1,219.80	135.00
5032	COMCAST	4,700.66	41.68
651	NICOR	100,343.81	1,205.42
	FIRE		1,558.61
ELECTRIC FUND			

INVOICES DUE ON/BEFORE 02/24/2023

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

ELECTRIC FUND			
20	OPERATION & MAINTENANCE		
194	GRUMMERT'S HARDWARE - R.F.	7,150.40	16.08
4528	MODERN SHOE SHOP	1,776.95	215.99
4544	UPS	233.14	34.03
4796	VERIZON WIRELESS	12,061.29	666.81
5032	COMCAST	4,700.66	30.97
5332	TYNDALE	13,363.20	362.75
T0005731	PULSE LASER ENGRAVING		22.00
	OPERATION & MAINTENANCE		1,348.63
IT FUND			
22	IT FUND		
1493	WILLIAM & MARY COMPUTER CENTER	43,716.61	16,600.44
	IT FUND		16,600.44
SEWER FUND			
38	OPERATION & MAINTENANCE		
200	COM ED	1,312.47	155.81
2379	STANDARD EQUIPMENT COMPANY	13,359.54	3,992.85
2517	WM CORPORATE SERVICES INC	18,987.55	1,486.23
466	J & K LOCKSMITH SERVICE		210.00
4796	VERIZON WIRELESS	12,061.29	241.42
5032	COMCAST	4,700.66	21.68
5325	LOU'S GLOVES INC	449.40	193.00
T0005223	THOMPSON-HOPPS PUMPS	2,407.75	16,420.66
	OPERATION & MAINTENANCE		22,721.65
WATER FUND			
40	WATER		
4361	FERGUSON WATERWORKS #2516	90,453.92	5,109.95
	WATER		5,109.95
48	OPERATION & MAINTENANCE		

DATE: 02/23/23
TIME: 14:03:55
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CITY OF ROCK FALLS
DEPARTMENT SUMMARY REPORT

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INVOICES DUE ON/BEFORE 02/24/2023

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

WATER FUND			
48	OPERATION & MAINTENANCE		
4361	FERGUSON WATERWORKS #2516	90,453.92	239.56
4528	MODERN SHOE SHOP	1,776.95	483.99
4796	VERIZON WIRELESS	12,061.29	72.32
5032	COMCAST	4,700.66	15.48
5143	HAWKINS, INC	632.29	623.61
	OPERATION & MAINTENANCE		1,434.96
CUSTOMER SERVICE CENTER			
51	CUSTOMER SERVICE CENTER		
2688	STAPLES CREDIT PLAN	1,064.91	81.14
5032	COMCAST	4,700.66	21.68
	CUSTOMER SERVICE CENTER		102.82
CUSTOMER UTILITY DEPOSITS			
75	CUSTOMER UTILITY DEPOSITS		
T0005732	HUBBARD CONSTRUCTION		1,662.31
T0005733	RODDY TEDDER		84.62
	CUSTOMER UTILITY DEPOSITS		1,746.93
	TOTAL ALL DEPARTMENTS		78,354.67

INVOICES DUE ON/BEFORE 03/03/2023

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

TOURISM			
05	TOURISM		
5178	COMCAST BUSINESS	7,338.58	39.19
T0004901	AAA RENTS, INC		717.70
	TOURISM		756.89
W/C - GENERAL LIABILITY			
08	W/C-GENERAL LIABILITY		
4941	MUNICIPAL INSUR COOP AGENCY	567,702.42	1,634.00
	W/C-GENERAL LIABILITY		1,634.00
GENERAL FUND			
01	ADMINISTRATION		
4310	PITNEY BOWES	4,017.00	1,000.00
5178	COMCAST BUSINESS	7,338.58	39.19
621	CIVIC PLUS	4,677.77	1,295.00
753	ROCK FALLS CHAMBER OF COMMERCE	7,175.00	500.00
	ADMINISTRATION		2,834.19
02	CITY ADMINISTRATOR		
4972	ROBBIN BLACKERT	1,000.00	100.00
5178	COMCAST BUSINESS	7,338.58	39.19
	CITY ADMINISTRATOR		139.19
04	BUILDING		
2797	MARK SEARING	400.00	40.00
4566	HARRIS COMPUTER SYSTEMS		1,937.92
5178	COMCAST BUSINESS	7,338.58	78.46
	BUILDING		2,056.38
05	CITY CLERK'S OFFICE		

INVOICES DUE ON/BEFORE 03/03/2023

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

GENERAL FUND			
05	CITY CLERK'S OFFICE		
4566	HARRIS COMPUTER SYSTEMS		10,096.12
5178	COMCAST BUSINESS	7,338.58	78.44
5308	LEAF	6,221.15	92.71
5360	AMAZON CAPITAL SERVICES	3,324.08	111.33
	CITY CLERK'S OFFICE		10,378.60
06	POLICE		
2985	CAPITAL ONE	4,813.43	29.82
350	GISI BROS INC	19,008.49	86.96
5032	COMCAST	4,974.51	6.34
5178	COMCAST BUSINESS	7,338.58	156.81
662	RAY O'HERRON CO., INC.	1,596.46	404.00
T0002721	NORTHWEST IL LAW ENFORCEMENT		100.00
T0005251	MITCH OTTENHAUSEN	509.47	15.00
	POLICE		798.93
07	CODE HEARING DEPARTMENT		
4931	DACRA	9,243.84	950.00
	CODE HEARING DEPARTMENT		950.00
10	STREET		
194	GRUMMERT'S HARDWARE - R.F.	7,169.62	8.09
2985	CAPITAL ONE	4,813.43	130.72
4707	KIMBALL MIDWEST	2,862.95	92.40
5141	CINTAS CORPORATION	1,599.38	84.19
5178	COMCAST BUSINESS	7,338.58	39.19
852	S.J. SMITH CO INC	3,027.43	196.00
T0005206	GRIZZLY GARAGE DOOR	490.00	745.00
	STREET		1,295.59
12	PUBLIC PROPERTY		
4579	PEST CONTROL CONSULTANTS IL	345.00	70.00
	PUBLIC PROPERTY		70.00

INVOICES DUE ON/BEFORE 03/03/2023

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

GENERAL FUND			
13	FIRE		
2699	WHITESIDE COUNTY HEALTH DEPT	199.84	70.62
2747	KEN WOLF	454.32	40.00
2985	CAPITAL ONE	4,813.43	102.52
4385	DINGES FIRE COMPANY	35,357.19	397.98
5178	COMCAST BUSINESS	7,338.58	117.58
5360	AMAZON CAPITAL SERVICES	3,324.08	11.94
T0003587	THE FITTING ROOM		95.00
	FIRE		835.64
BUILDING CODE DEMOLITION FUND			
12	BUILDING CODE DEMOLITION FUND		
4027	WHITESIDE COUNTY RECORDER	2,346.75	116.00
	BUILDING CODE DEMOLITION FUND		116.00
EMPLOYEE GROUP INSURANCE			
15	EMPLOYEE GROUP INS		
T0004780	MAST WATER TECHNOLOGY	445.00	82.00
	EMPLOYEE GROUP INS		82.00
ELECTRIC FUND			
20	OPERATION & MAINTENANCE		
194	GRUMMERT'S HARDWARE - R.F.	7,169.62	12.08
4207	O'REILLY AUTOMOTIVE INC	4,101.57	7.64
4620	TRI-COUNTY OPP COUNCIL	12,199.22	307.76
4995	CLOUDPOINT GEOSPATIAL	69,335.77	1,983.34
5008	POWER SYSTEM ENGINEERING INC	91,274.84	925.00
5127	JM TEST SYSTEMS, INC	1,360.67	409.46
5141	CINTAS CORPORATION	1,599.38	68.71
5178	COMCAST BUSINESS	7,338.58	78.46
5299	GREAT WESTERN SUPPLY CO	899.48	85.17
5332	TYNDALE	13,725.95	203.95
5369	HELM ELECTRIC	413.50	39,642.00
T0003316	KUHLEMIER PAINTING	6,250.00	850.00
	OPERATION & MAINTENANCE		44,573.57

INVOICES DUE ON/BEFORE 03/03/2023

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

SEWER FUND			
38	OPERATION & MAINTENANCE		
1165	CEC OF THE SAUK VALLEY INC	33,690.84	1,416.74
1279	WILCO RENTAL	7,720.88	97.97
2379	STANDARD EQUIPMENT COMPANY	17,352.39	202.28
2985	CAPITAL ONE	4,813.43	82.46
4119	USA BLUE BOOK	8,273.23	454.86
4207	O'REILLY AUTOMOTIVE INC	4,101.57	28.50
4995	CLOUDPOINT GEOSPATIAL	69,335.77	1,983.33
5178	COMCAST BUSINESS	7,338.58	39.19
5319	MATT TROTTER	166.40	30.26
5329	BF ENGINEERING PLLC	6,930.00	585.00
T0005223	THOMPSON-HOPPS PUMPS	18,828.41	1,000.00

OPERATION & MAINTENANCE 5,920.59

WATER FUND			
40	WATER		
4361	FERGUSON WATERWORKS #2516	95,803.43	4,696.96
	WATER		4,696.96

48	OPERATION & MAINTENANCE		
1740	VIKING CHEMICAL CO	19,108.07	1,401.50
194	GRUMMERT'S HARDWARE - R.F.	7,169.62	46.98
2451	MENARDS	7,778.89	183.77
2985	CAPITAL ONE	4,813.43	205.21
4207	O'REILLY AUTOMOTIVE INC	4,101.57	160.91
4361	FERGUSON WATERWORKS #2516	95,803.43	3,772.40
4953	CITY OF ROCHELLE	325.00	25.00
4995	CLOUDPOINT GEOSPATIAL	69,335.77	1,983.33
5110	KUNES COUNTRY AUTO GROUP	77,969.61	2,120.00
5178	COMCAST BUSINESS	7,338.58	39.20
631	MURRAY & SONS EXCAVATING, INC	65,304.70	1,500.00
T0004455	ROCK RIVER CARTAGE INC	16,682.65	166.72

OPERATION & MAINTENANCE 11,605.02

GARBAGE FUND			
50	GARBAGE		

DATE: 03/02/23
TIME: 13:39:07
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CITY OF ROCK FALLS
DEPARTMENT SUMMARY REPORT

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INVOICES DUE ON/BEFORE 03/03/2023

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

GARBAGE FUND			
50	GARBAGE		
4446	MORING DISPOSAL, INC.	469,647.58	207.50
	GARBAGE		207.50
CUSTOMER SERVICE CENTER			
51	CUSTOMER SERVICE CENTER		
1493	WILLIAM & MARY COMPUTER CENTER	60,317.05	17.00
5178	COMCAST BUSINESS	7,338.58	78.46
760	ROCK FALLS POSTMASTER	35,275.00	3,500.00
771	PINNEY PRINTING CO	11,031.17	695.00
	CUSTOMER SERVICE CENTER		4,290.46
MOTOR FUEL TAX FUND			
65	MOTOR FUEL TAX		
2555	CARGILL INC.	18,725.14	27,657.53
	MOTOR FUEL TAX		27,657.53
CUSTOMER UTILITY DEPOSITS			
75	CUSTOMER UTILITY DEPOSITS		
4620	TRI-COUNTY OPP COUNCIL	12,199.22	762.91
T0005734	MATTHEW HOWARD		367.23
T0005735	JAZMINE CASTILLO		35.91
T0005736	THOMAS & DEB PIERCE		49.41
	CUSTOMER UTILITY DEPOSITS		1,215.46
	TOTAL ALL DEPARTMENTS		122,114.50

CITY OF ROCK FALLS

ORDINANCE NO. _____

**ORDINANCE ANNEXING CERTAIN TERRITORY TO THE
CITY OF ROCK FALLS, WHITESIDE COUNTY, ILLINOIS
(JODY M. YOUNG & MAGGIE A. YOUNG)**

ADOPTED BY THE
COUNCIL
OF THE
CITY OF ROCK FALLS

THIS 7TH DAY OF MARCH, 2023

Published in pamphlet form by authority of the Mayor and City Council of the City of Rock Falls, this 7th day of March, 2023.

ORDINANCE NO. _____

**ORDINANCE ANNEXING CERTAIN TERRITORY TO THE
CITY OF ROCK FALLS, WHITESIDE COUNTY, ILLINOIS
(JODY M. YOUNG & MAGGIE A. YOUNG)**

WHEREAS, a written petition, signed by Jody M. Young and Maggie A. Young, the legal owners of record of all land within the territory hereinafter described and commonly known as PIN 11-34-451-003 and 11-34-451-004 (the “Subject Properties”), has been filed with the City Clerk of the City of Rock Falls, Whiteside County, Illinois, requesting that said territory be annexed to the City of Rock Falls (“City”); and

WHEREAS, the Subject Properties are not within the corporate limits of any municipality but are adjacent and contiguous to the City; and

WHEREAS, to ensure consistent regulation among the adjacent properties consisting of the City of Rock Falls, and to permit the collection of tax for the maintenance and upkeep of utilities and roadways serving the Subject Properties, among other things, the City desires to annex the Subject Properties to the City of Rock Falls; and

WHEREAS, Section 7-1-8 of the Illinois Municipal Code, 65 ILCS 5/1-1 et. seq. (the “Code”), authorizes the corporate authorities of any municipality to adopt an ordinance annexing territory which is adjacent and contiguous to the municipality upon written petition signed by the owners of record of the land within such territory; and

WHEREAS, Section 7-1-14 of the Code permits an annexation proceeding involving multiple parcels or owners of territory to be brought in a single proceeding; and

WHEREAS, notice regarding the intention of the City to annex the Subject Properties was published in a newspaper of general circulation within the Subject Properties at least ten (10) days prior to the passage of this Ordinance; and

WHEREAS, written notice was served, either in person or by certified mail, to the taxpayer or taxpayers of record of the Subject Properties as appears from the authentic tax records of the county, no less than fifteen (15) days prior to the passage of this Ordinance; and

WHEREAS, all other legal notices regarding the intention of the City to annex said Subject Properties have been sent to the public bodies required to receive such notice pursuant to the Code; and

WHEREAS, copies of such notices required to be recorded, if any, have been recorded in the Office of the Recorder of Whiteside County, Illinois; and

WHEREAS, the Plan Commission of the City conducted a public hearing regarding the proposed annexation of the Subject Properties on February 9th, 2023; and

WHEREAS, following the public hearing, the Plan Commission moved to recommend the annexation of the Subject Properties to the City of Rock Falls; and

WHEREAS, the Mayor and City Council (collectively, the “Corporate Authorities”) desire to adopt the recommendation of the Plan Commission, and hereby find and determine that it is in the best interests of the City of Rock Falls and its residents that the Subject Properties be annexed to the City, and that upon annexation the Subject Properties be zoned as M-1.

NOW, THEREFORE, BE IT ORDAINED by the Mayor and City Council of the City of Rock Falls, as follows:

SECTION 1: The statements contained in the preamble paragraphs of this Ordinance are true and accurate and are hereby incorporated into this Section 1 as if more fully set forth herein.

SECTION 2: The Subject Properties, as more particularly set forth in Exhibit A, attached hereto, are hereby annexed to the City of Rock Falls, Whiteside County, Illinois.

SECTION 3: The City Clerk is hereby directed to file, within ninety (90) days, a certified copy of this Ordinance together with an accurate map of the territory annexed, said map being attached hereto as Exhibit B, with the Office of the Recorder and the County Clerk of Whiteside County, Illinois.

SECTION 4: The Subject Properties are classified under the Zoning Ordinance of the City of Rock Falls as zoning classification M-1, all as permitted under the Zoning Ordinance of the City of Rock Falls.

SECTION 5: The City Council finds that the customary practice of requiring a first and second reading of ordinances is not applicable or necessary in the case of this Ordinance, and a first reading preliminary to adoption hereof is hereby waived, and this Ordinance shall become effective upon its passage.

SECTION 6: The provisions and sections of this Ordinance shall be deemed to be separable, and the invalidity of any portion of this Ordinance shall not affect the validity of the remainder.

SECTION 7: All ordinances and parts of ordinances in conflict herewith are, to the extent of such conflict, hereby repealed.

SECTION 8: The City Clerk is hereby directed to publish this Ordinance in pamphlet form.

SECTION 9: This Ordinance shall be in full force and effect from and after its passage and approval, and publication as required by law.

Passed by the Mayor and City Council of the City of Rock Falls on the 7th day of March, 2023.

Mayor

ATTEST:

City Clerk

AYE

NAY

Exhibit A

Parcel 1:

Part of the Southeast Quarter of Section 34. Township 21 North, Range 7 East of the 4th P.M., Whiteside County, Illinois, described as follows: Commencing at a point on the South line of said Section 34, which is 1598.6 feet West of the Southeast corner thereof; thence extending Westerly on the said South line of Section 34, 150 feet; thence Northerly at an angle of $89^{\circ}10'$ measured counterclockwise from the said South line of Section 34 and parallel with the West line of Roy Megli Subdivision in the said Southeast Quarter of Section 34, 1114.38 feet to the centerline of F.A. Route No. 141; thence Southeasterly on the said centerline, 163.28 feet to a point 584.6 feet Westerly of (as measured parallel with the said South line of Section 34) the said West line of Roy Megli Subdivision; thence Southerly parallel with the said West line of Roy Megli Subdivision, 1047.35 feet to the point of beginning.

Parcel 2:

Part of the Southeast Quarter of Section 34. Township 21 North, Range 7 East of the P.M., Whiteside County, Illinois, described as follows: Commencing at a point on the South line of said Section 34, which is 1448.6 feet West of the Southeast corner thereof; thence extending Westerly on the said South line of Section 34, 150 feet; thence Northerly at an angle of $89^{\circ}10'$ measured counterclockwise from the said South line of Section 34 and parallel with the West line of Roy Megli Subdivision in the said Southeast Quarter of Section 34, 1047.35 feet to the centerline of F.A. Route No. 141; thence Southeasterly on the said centerline, 163.28 feet to a point 434.6 feet Westerly of (as measured parallel with the said South line of Section 34) the said West line of Roy Megli Subdivision; thence Southerly parallel with the said West line of Roy Megli Subdivision, 980.6 feet to the point of beginning.

Exhibit B

(attach annexation plat)

CITY OF ROCK FALLS

ORDINANCE NO. _____

**ORDINANCE APPROVING ACQUISITION OF
ELECTRIC/COMMUNICATIONS UTILITY EASEMENT**

ADOPTED BY THE
CITY COUNCIL
OF THE
CITY OF ROCK FALLS

THIS _____ DAY OF _____, 2023

Published in pamphlet form by authority of the City Council of the City of Rock Falls, Illinois,
this _____ day of _____, 2023.

ORDINANCE NO. _____

**ORDINANCE APPROVING
ELECTRIC/COMMUNICATIONS UTILITY EASEMENT**

WHEREAS, Virginia G. Schutz and the Estate of Terry K. Schutz (collectively, “Schutz”) are the owners of certain real estate located south of Glen’s Garden Subdivision in the City of Rock Falls, Whiteside County, Illinois 61071, which real estate consists of approximately 31.7 acres of farm land, being commonly described as PIN #11-33-351-022 (the “Schutz Property”); and

WHEREAS, in connection with the expansion of the City of Rock Falls’ (the “City”) electrical/communications utilities, the City desires to obtain an easement for the construction and maintenance of such electrical/communications utilities across the Schutz Property, all as more particularly described on Exhibit A, attached hereto (the “Electric Utility Easement”); and

WHEREAS, Schutz is willing to grant the Electric Utility Easement to City for the sum of twenty-five thousand and no/100ths dollars (\$25,000.00) (the “Acquisition Cost”); and

WHEREAS, the Mayor and the City Council (collectively, the “Corporate Authorities”) deem it in the best interests of the City to approve the Electric Utility Easement and to pay the Acquisition Cost to Schutz, all upon the respective terms and conditions contained herein.

NOW, THEREFORE, BE IT ORDAINED by the Mayor and the City Council of the City of Rock Falls, as follows:

SECTION 1: The Mayor and the City Council hereby find that the recitals above are true and correct and are incorporated herein by reference.

SECTION 2: The Electric Utility Easement is approved. The City Administrator and/or City Treasurer are authorized and directed to tender payment of the Acquisition Cost to Schutz upon receipt of a fully executed and notarized Electric Utility Easement by Schutz.

SECTION 3: The provisions and sections of this Ordinance shall be deemed to be separable, and the invalidity of any portion of this Ordinance shall not affect the validity of the remainder.

SECTION 4: All ordinances and parts of ordinances in conflict herewith are, to the extent of such conflict, hereby repealed.

SECTION 5: The City Council finds that the customary practice of requiring a first and second reading of ordinances is not applicable or necessary in the case of this Ordinance, and a first reading preliminary to adoption hereof is hereby waived, and this Ordinance shall become effective upon its passage.

SECTION 6: The City Clerk is hereby directed to publish this Ordinance in pamphlet form.

SECTION 7: This Ordinance shall be in full force and effect from and after its passage and approval, and publication as required by law.

Passed by the Mayor and the City Council of the City of Rock Falls on the _____ day of _____, 2023.

Mayor

ATTEST:

City Clerk

AYE

NAY

Exhibit A

(attach electric utility easement)

EASEMENT FOR

UTILITY FACILITIES

LEGAL DESCRIPTION PREPARED BY:

Willett, Hofmann & Associates, Inc.
809 East 2nd Street
Dixon, IL 61021

KNOW ALL MEN BY THESE PRESENTS, that VIRGINIA G. SCHUTZ, individually as to an undivided one-half (1/2) interest and VIRGINIA G. SCHUTZ, as Executor of the ESTATE OF TERRY K. SCHUTZ, as to an undivided one-half (1/2) interest, of the City of Rock Falls in the County of Whiteside, and State of Illinois, collectively, Grantor, for and in consideration of the benefits accruing to the said Grantor and the sum of Ten and No/100ths Dollars (\$10.00) paid by the Grantee, to the Grantor, the receipt whereof is hereby acknowledged, hereby gives, grants, conveys and warrants to the CITY OF ROCK FALLS, an Illinois municipal corporation organized and existing under the laws of the State of Illinois, Grantee, and to the successors and assigns of said Grantee:

PERMANENT EASEMENT: A permanent easement (the "Permanent Easement"), and the right to construct underground UTILITY facilities, the right to maintain and make all necessary repairs to said underground UTILITY facilities, as may be reasonable and proper, including the reconstruction or replacement of said UTILITY facilities, together with the right of ingress and egress for the purpose of constructing and maintaining UTILITY facilities, together with the right to construct and maintain the necessary appurtenances for said UTILITY facilities over, along, upon and through said Permanent Easement hereinafter described, and including the right to abandon in place said UTILITY facilities.

For purposes of this document, "UTILITY" means and includes any and all electric and communication facilities which may hereafter be provided by the City of Rock Falls, Illinois, or its successors in interest or assigns as a utility service to customers or citizens.

The Permanent Easement is more particularly described as follows:

The real estate described on the document attached hereto and incorporated herein as Exhibit A;

PIN NO. Part of 11-33-351-022

All situated in the City of Rock Falls, County of Whiteside in the State of Illinois.

Grantor, its successors and/or assigns hereby covenant to and with Grantee, that the Grantee's officers, agents, employees, contractors and subcontractors may at any and all times, when necessary or convenient to do so, go over and upon said above described permanent easement, and do and perform

any and all acts necessary or convenient to the carrying into effect, the purpose for which this grant is made; that neither Grantor nor any or either of them, shall disturb, injure, molest or in any manner interfere with any UTILITY facilities or material for laying, maintaining, operating or repairing the same in, over or upon said described easement.

TEMPORARY EASEMENT: The said Grantors further give and grant to the Grantee, as part of said consideration the right and privilege to use additional land as may be necessary in the construction of said UTILITY facilities (the "Temporary Easement"), said right and Temporary Easement to be temporary and to be effective only during the construction of said UTILITY facilities. The Temporary Easement shall consist of that area described as the area that is five feet (5') in width adjacent to and along each side of the Permanent Easement area.

Grantor and Grantee acknowledge and agree that the construction of said UTILITY facilities on that portion of the Permanent Easement beginning at the intersection of said Permanent Easement and 14th Avenue and commencing South 75 degrees 37 minutes 57 seconds East, 1180.47 feet to the survey monument situated on the south line of Crowne Hill Estates Subdivision (the "Boring Area") shall be restricted to directional boring only and shall not be open cut or installed in such a manner as to cause any material disturbance to the topsoil of such Boring Area. Notwithstanding the foregoing, Grantee shall be permitted to excavate temporary pits along the Boring Area as are necessary to extend and connect such UTILITY facilities along the length of the Boring Area.

Grantor, its successors and assigns hereby covenant and warrant to and with Grantee, that it owns good and merchantable title to the land upon which the Permanent Easement is located and has full right and authority to grant this easement to Grantee, that Grantee, its officers, agents, employees or persons under contract with it, may at any and all times, when necessary or convenient to do so, go over and upon said above described Permanent Easement, and do and perform any and all acts necessary or convenient to the carrying into effect, the purpose for which this grant is made; that Grantor shall not disturb, injure, molest or in any manner interfere with any UTILITY facilities or material for laying, maintaining, operating or repairing the same in, over or upon said described easement. Grantor further grants to Grantee and its assigns the right to enter upon the premises of the said Permanent Easement and remove from the surface therefrom any items, including trees, shrubs, overgrowth, buildings or other structures which may interfere with or obstruct the Grantee from exercising the rights granted hereunder.

The Grantee, by acceptance of the grant conveyed, hereby covenants and agrees and said easement is hereby granted upon the express conditions that care, skill and diligence will be used in constructing and laying said UTILITY facility; that all of the dirt, gravel or stone removed shall be replaced and compacted upon the top of the excavation where the UTILITY facility is laid so as to leave the ground in substantially the same condition that existed before said UTILITY facility was laid, and all surplus dirt or gravel is to be carefully removed from the premises; that all the work of excavation is to be done in such a manner as in no way to endanger or interfere with the use of the property of the Grantor, causing no damage to the buildings or improvements of the Grantor of said Easement nor interfering with or removing the support of the same; that it will save the Grantor harmless from any and all loss or damage the Grantor may sustain growing out of or arising in any manner from the construction, maintenance repairing, altering, changing, using or removal of said UTILITY facilities; that upon the completion of the construction of said UTILITY facilities, it will restore the surface of said premises to substantially the same condition as prior to the Grantee's entrance thereon.

In connection with Grantee's obligations to indemnify Grantor from and against any and all loss or damage arising out of Grantee's operations hereunder, Grantee agrees that it shall reimburse Grantor for any resulting crop damage caused by it within ninety (90) days after determining the extent of damage at the end of harvest. Crop damages shall be calculated by the following formula: Price x Yield x Percentage of Damage x Acreage = "Crop Damages." Prices for damaged or destroyed crops will be based on the current prices for that crop at the end of harvest. Yield will be the calculated based upon the average yield of the same crop as the damaged crop during that year for the parcel of land that includes the damaged area. The parties hereto shall attempt in good faith to agree to the extent of damage and acreage affected.

Dated: _____, 2023.

VIRGINIA G. SCHUTZ

ESTATE OF TERRY K. SCHUTZ

Virginia G. Schutz, Executor

STATE OF _____)
COUNTY OF _____) SS

The foregoing instrument was acknowledged before me on _____, 2023, by Virginia G. Schutz, individually and as Executor of the Estate of Terry K. Schutz, for the purposes and uses set forth herein.

Notary Public

Prepared by and Return to:

Matthew D. Cole
Ward, Murray, Pace & Johnson, P.C.
226 W. River Street; P.O. Box 404
Dixon, IL 61021

Exhibit A

Part of the Southwest Quarter of Section 33, Township 21 North, Range 7 East of the Fourth Principal Meridian, Whiteside County, Illinois, described as follows:

Commencing at the southwest corner of Glen's Garden Subdivision, a subdivision of part of said Southwest Quarter and of the Southeast Quarter of said Section 33, recorded on December 16, 2015 as Document Number 2015-07329 in the Whiteside County Recorder's Office; thence North 0 degrees 08 minutes 47 seconds East, 455.02 feet on the west line of said Glen's Garden Subdivision, to the Point of Beginning; thence South 49 degrees 16 minutes 08 seconds West, 183.22 feet; thence South 89 degrees 25 minutes 25 seconds West, 868.34 feet; thence South 44 degrees 25 minutes 25 seconds West, 39.43 feet; thence South 89 degrees 23 minutes 05 seconds West, 399.43 feet; thence North 75 degrees 37 minutes 57 seconds West, 1178.55 feet to the east right of way line of 14th Avenue; thence North 0 degrees 11 minutes 15 seconds West, 15.50 feet on said east right of way line; thence South 75 degrees 37 minutes 57 seconds East, 1180.47 feet to the south line of Crowne Hill Estates Subdivision, according to the amended Plat thereof recorded as M.F. No. 2061-2006 in said Whiteside County Recorder's Office; thence North 89 degrees 23 minutes 05 seconds East, 391.25 feet on said south line, to the East line of said Subdivision; thence North 0 degrees 09 minutes 05 seconds East, 27.85 feet on said east line, to the south line of the Coloma Park District Property described on the Deed recorded as M.F. No. 4448-82 in said Whiteside County Recorder's Office; thence North 89 degrees 25 minutes 25 seconds East, 896.56 feet on said south line; thence North 49 degrees 16 minutes 08 seconds East, 190.72 feet to said west line; thence South 0 degrees 08 minutes 47 seconds West, 19.84 feet on said west line, to the Point of Beginning, containing 0.93 acres, more or less.



January 30, 2023

Melinda Jones
Director of Tourism & Events
City of Rock Falls, Illinois

Re: Rock Falls Lincoln Highway mural

Melinda,

The second page of this PDF shows a digitally enhanced image of what we painted for the Lincoln Highway mural project when I designed it back in 2010. AI photo-enhancement actually improved the photograph we had - and created a viable image for replication as you see here when you zoom in. We added the original text in certain spots to take away the soft edge of a lower resolution photo. It's amazing what we were able to re-create.

The price for the completely new 10' x 20' mural, new ACM panels with a digitally printed image with overlamine would cost \$7,550.00 installed

Our standard terms require a 50% deposit to begin the work – with the balance due on completion. We also offer a 4% discount for prepaid work – should that option interest you. Credit card charges do have an additional 4% fee, though.

Should the project extend past June, we would ask a chance for re quoting - provided material costs have changed. If material costs remain consistent, so will our price.

Respectfully,

Jay Allen
President
ShawCraft Sign Co.



ROCK FALLS ILLINOIS

SPECIAL EVENTS, FAIRS AND FESTIVALS DREW TRAVELERS TO TOWNS LOCATED JUST OFF THE LINCOLN HIGHWAY. PEOPLE DROVE FROM MILES AROUND TO ENJOY THE ANNUAL CORN CARNIVAL IN ROCK FALLS. EVERY BUILDING ALONG CITY STREETS WAS DECORATED WITH HARVEST CORN. THE CORN CARNIVAL OFFERED SOMETHING FOR EVERYONE. THERE WERE EXHIBITS AND CONTESTS WITH PRIZED BLUE RIBBONS. CAR RACES AND THE POPULAR EVENT KNOWN AS AUTO DAY WERE BIG GROWD PLEASERS.



ILLINOIS MILK AFTEI MAGNIFICEN' MILE.

AMERICA'S HIGHWAYS



FINAL DIGITAL REPRODUCTION IMAGE OF ROCK FALLS LINCOLN HIGHWAY MURAL

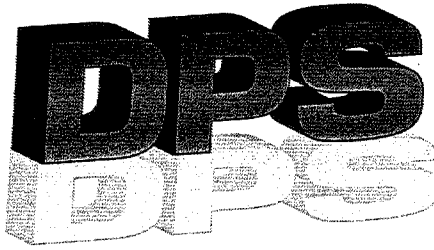
SHAWCRAFT SIGN CO.

7727 BURDEN RD. • MACHESNEY PARK, ILLINOIS • 61115
TEL. (815) 282-4105 • www.shawcraft.com



An International
Award-Winning Sign Studio

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EQUIPMENT SERVICES, INC.
process equipment repair, retrofit, reconditioning services

SERVICE PROPOSAL #23- 105

Date: February 10, 2023

Page 1 of 3

Mr. Matt Trotter – Plant Superintendent
 City of Rock Falls
 Water Reclamation Facility
 603 W. 10th St.
 Rock Falls, IL 61071

Work Location: 101 Clearwater Ln., Rock Falls, IL

Telephone: 815/632-8288

Scope of Services

We hereby propose to furnish labor and material necessary to replace twenty one (21) end bearings on eleven (11) Orbal shafts originally furnished by Siemens/Envirex under original order #43863.

Project cost: \$110,000.00

Project cost includes: project management, all field and administrative labor, replacement components, standard and specialty tools and equipment, travel, and living expenses.

Note: (1) Bearing lead-time 15 weeks.

All work is guaranteed to be as specified, and the above work is to be performed in accordance with or to exceed the manufacturer’s specifications for above work, and completed in a substantial workmanlike manner.

Respectfully submitted,

Michael R. Sears - Project Manager

ACCEPTANCE OF PROPOSAL

The above prices, specifications and attached Service Terms of this Proposal are satisfactory, and are hereby accepted. DPS Equipment Services, Inc. is authorized to do the work as specified. Payment will be made as outlined above.

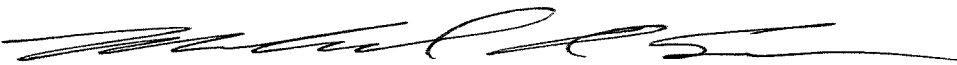
Signature: _____ Date: _____

TERMS GOVERNING CUSTOMER SERVICES

1. **Basis of Price:**
 - A. DPS, Inc.'s prices do not include the cost of materials or the cost of any third party services unless expressly stated within this proposal. Materials furnished by DPS, Inc. shall be covered under the proposal warranty.
 - B. DPS, Inc. prices do not include sales, use, excise or other similar taxes unless expressly stated within this proposal.
 - C. Bonds, insurance (other than our normal coverage), and other premiums are not included. Additional bonding and insurance requirements, if required or requested by the Client, will be added at cost to the proposal price.
 - D. Terms of Payment: Net 20 days from the Date of Invoice unless otherwise agreed to in advance and in writing. Partial invoices for equipment and materials will be submitted when the equipment and materials are shipped to the job site. Partial invoices for labor and services may be submitted at the end of each month through project completion. In the event any payment becomes past due, a compound interest charge of 1.5 percent shall be assessed monthly and for any portion thereafter. Client agrees to pay any and all actual Attorneys' fees and court costs if attorneys are retained to collect any past due amounts.
2. **Cancellation:** In the event of cancellation, Client agrees to compensate DPS, Inc. for all work performed up to the date of cancellation, unless cancellation is due to default on the part of DPS, Inc.
3. **Performance and Warranty:** DPS, Inc. agrees to perform the services described under the heading "Scope of Services" hereof, within the limits prescribed by the Client, on a good faith basis under the terms and conditions set forth herein. DPS, Inc. shall exercise reasonable skill and judgment in providing such Services. DPS, Inc.'s responsibility is limited to services specifically performed by DPS, Inc. or sub-contracted by DPS, Inc. for the Client. Except for the direct acts or omissions of DPS, Inc. representatives, the responsibility for proper operation and maintenance of the equipment shall be the Client's. ***Failure by the Client to properly operate and maintain the equipment shall void any and all warranty claims and remedies that may result.*** DPS, Inc. warrants that services shall be of good quality in all respects. Services shall be performed, findings obtained, and recommendations prepared in accordance with generally and currently accepted industry standards, principles and practices. The services of DPS, Inc. technicians shall be free of defects in workmanship ***FOR A PERIOD OF ONE (1) YEAR*** from the date of completion. **Remedy:** All warranty claims in connection with the services to be performed hereunder shall be made promptly by the Client in writing and received by DPS, Inc. within one year after DPS, Inc. last performed substantial and related work at the job site. DPS, Inc. shall repair or replace services proven to be defective in workmanship, or at DPS, Inc. sole option, refund the cost of the services. ***DPS, Inc. may accept back charges for warranty claims performed by the Client, provided that DPS, Inc. has given its written approval PRIOR to the Client performing such services.***
4. **Safety:** Services shall be performed only under safe conditions. DPS, Inc. shall not have any obligation to work or to continue working in a hazardous environment. DPS, Inc. has the right to discontinue or terminate operations if, in its sole discretion, such discontinuation or termination is necessary for safety and/or health reasons. Charges, as set forth above and below, shall be made for safety and security measures required by hazardous job conditions. All safety related equipment, clothing, devices, etc., furnished by DPS, Inc. at the request or requirement of the Client shall be added at cost to the Proposal price.
5. **Independent Contractor:** DPS, Inc. shall be considered a Professional Services provider, independent agent, representative or contractor; not an employee or joint venturer of Client. DPS, Inc. shall determine the time, manner, means and method of providing the services and shall furnish all labor and tools necessary to perform such services unless otherwise specified in writing; provided, however, DPS, Inc. shall not be responsible for negligence of Client or any other person or entity in the design or selection of a specific manner, means, method or technique which is required by the Client.
6. **Information:** DPS, Inc. shall rely upon information supplied by Client, or Client's engineers or consultants, or information available from generally accepted sources, without independent verification. DPS, Inc. assumes no responsibility for the accuracy of such information and shall not be liable to Client for any inaccuracies contained therein.
7. **Delays and Extensions of Time:** If DPS, Inc. is delayed at any time in the progress of the services by any act or negligence of the Client, including its employees or agents, separate contractor employed by the Client, changes ordered in the Scope of Services, labor disputes, adverse safety conditions, weather related delays, unavoidable casualties, or any causes beyond DPS, Inc.'s reasonable control, or by delay authorized by the Client, then the time to complete the services shall be extended. Additional charges may be made to cover any unforeseen or unusual circumstances not anticipated by DPS, Inc. and the Client, when agreed to by both parties in writing.

8. **Changes, Delays and Unusual Costs:** If the Client requests or causes changes to be made in the Scope of Services, or if the Client delays the progress of work covered by the quotation, DPS, Inc. shall adjust the contract price to reflect any increase or decrease.
9. **Permits and Licenses:** Unless otherwise indicated in writing, Client shall procure and provide all necessary permits and licenses required for the services proposed.
10. **Insurance:** DPS, Inc. shall assume responsibility for workmen's compensation coverage of DPS, Inc. employees only. DPS, Inc. shall provide General liability coverage of \$2,000,000, and Automobile coverage of \$1,000,000. All other insurance coverage and necessary permits to accomplish project shall be provided by the Client.
11. **Indemnification:** Client agrees to indemnify and hold DPS, Inc., its directors, officers, stockholders, employees, representatives or agents harmless from and against any and all claims, demands, causes of action (including third party claims, demands or causes of action for contribution or indemnification), liability or costs (including actual attorneys' fees and other costs of defense) which arise out of or result from any negligent act or omission of the Client, its employees, agents, consultants, other contractors or any other person or entity; all except and to the extent that such claims, demands, causes of action, liabilities or costs are caused by the sole negligence of DPS, Inc., its directors, officers, stockholders and employees. Non-prevailing party agrees to pay any and all actual attorney fees and court costs if attorneys are retained relative to any dispute between the parties.
12. **GENERAL LIMITATION OF LIABILITY:** Under this agreement, DPS, Inc. shall only be liable for damages for the scope of services provided. DPS, Inc. shall not be liable for any consequential or incidental damages, including but not limited to, damages resulting from injury to persons or property, loss of profits, loss of business reputation, or any other losses or expenses not in connection with the scope of services furnished.
13. **Non-waiver:** The failure of DPS, Inc. to insist upon strict performance of any of the terms or conditions stated herein shall not be considered a continuing waiver of any such term or condition or any of its rights, nor shall it imply a course of performance between the parties.
14. **Prevailing Wage:** DPS, Inc. shall pay all labors, mechanics, and other workers employed by DPS, Inc. the current prevailing Wage rate as required. DPS, Inc. shall also furnish certified payroll forms if required.
15. **Complete Agreement:** The complete agreement between DPS, Inc. and the Client is contained herein and no additional or different term or condition shall be binding unless mutually agreed to in writing. If any term of this Agreement shall be held to be invalid, illegal, or unenforceable, the validity of all other terms hereof shall no way be affected thereby. This Agreement shall take effect upon acceptance and execution by the Client and DPS, Inc.

This proposal shall become a contract only when accepted by the Client and accepted by DPS, Inc. through respective signatures by authorized personnel.

Proposal submitted by: 
 Michael R. Sears – Project Manager, DPS, Inc.

Accepted by Client:

 Client Affiliation

By: _____ Date: _____



Rock Falls Electrical Department

Electric Cost of Service Study

February 10, 2023, at 11:00 am



Corporate location:

Utility Financial Solutions, LLC

185 Sun Meadow Court

Holland, MI USA 49424

(616) 393-9722

Fax (888) 566-4430

Submitted Respectfully by:

Mark Beauchamp, CPA, CMA, MBA

President, Utility Financial Solutions, LLC

mbeauchamp@ufsweb.com

(616) 393-9722

Dan Kasbohm, Manager

Utility Financial Solutions, LLC

dkasbohm@ufsweb.com

(616) 402-7045

mbeauchamp@ufswest.com

O: 616.393.9722

C: 616-403-5450

F: 888.566.4430

Utility Financial Solutions, LLC

185 Sun Meadow Ct

Holland MI, 49424



February 10, 2023

Dick Simon
Electrical Director
City of Rock Falls
603 West 10th Street
Rock Falls, IL 61071

Utility Financial Solutions, LLC (UFS) is pleased to submit a proposal to provide an electric cost of service and rate design study for Rock Falls Electrical Department (RFED). Our proposal is based on our prior experience completing cost of service studies for municipal utilities around the United States. UFS is an internationally known firm with a long-standing relationship and history of assisting municipalities with financial analysis. UFS staff members are recognized experts in the utility field. UFS personnel are instructors for the American Public Power Association, Southern Gas Association, and the National Association of Regulatory Utility Commissioners. Courses UFS instruct include financial planning, cost of service, rate design, and a series of Commission training programs.

Proposed Project Manager, Mr. Mark Beauchamp: Mark will oversee project management and contractual agreements. Mr. Beauchamp began Utility Financial Solutions, LLC in 2001 and is the current President of UFS. With industry experience since 1981, Mark has worked with utilities to complete over one thousand cost of service studies. His degrees include Water Purification Technology, Accounting, and MBA. His background provides unique experience and knowledge to share with utilities and consists of a Class A license in wastewater treatment, water treatment license, Certified Public Accountant, and Certified Management Accountant. This unique background has made Mark an industry leader in utility cost of service and rate design.

Prior Experience: UFS is comprised of experienced staff including economists, engineers, and finance professionals. Our reputation has allowed us to be the recommended rate consulting firm for numerous associations and agencies around the country. Our extensive experience provides utilities with studies that can be relied upon. Please feel free to contact the references included in this proposal.

Project Approach: UFS has obtained rate approval for many utilities. Our unique approach includes development of key targets to keep the utility financially stable, development of minimum and maximum levels of rate adjustments, and identification of a long-term rate track for the utility. The key targets and development of the rate track is used as part of an educational presentation for the governing body to obtain guidance and input in the rate making process. Our methodology and the education provided is why we have grown to be the preferred provider of rate study services in the United States.

We appreciate the opportunity to submit this proposal and look forward to discussing it with you. If you have questions or need additional information, please contact me at 616.403.5450.

Sincerely,

A handwritten signature in black ink that reads "Mark Beauchamp". The signature is written in a cursive style and is positioned above a horizontal line.

Mark Beauchamp, CPA, MBA, CMA
President, Utility Financial Solutions, LLC

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Executive Summary

Industry Leading Status - Utility Financial Solutions, LLC (UFS) are recognized experts in the utility field assisting electric utilities with cost of service and financial analysis. UFS is an industry leader and frequently requested to teach classes and present at electric utility conferences around the nation.

Training for Utility Management and Governing Bodies – UFS teaches a series of cost of service, rate design and financial training courses for utility management and governing bodies through American Public Power (APPA) education institutes, on-site training, and webinars. We are instructors for their training courses to assist with their certification program.

Training for Utility Staff – UFS personnel are the instructors on cost of service and financial planning courses offered through the American Public Power Association (APPA) and the National Association of Regulatory Utility Commissioners (NARUC). These courses include the following:

- Basic Cost of Service
- Intermediate Cost of Service
- Advanced Cost of Service
- Financial Planning
- Utility Financial Check-up
- Advanced issues in Rate Design
- Cost of Service and Rate Design for Distributed Generation
- Development of Line Extension Policies
- Rate Structures to promote Energy Conservation
- Rate Structures to create Revenue Stability
- Advanced issues in Cost Allocations

Conference Presentations – UFS staff are frequently requested to present special topics at regional conferences around the nation including the APPA’s National Conference, Educational Institutes, E&O Workshop and the Business and Financial Workshop. A sample of presentations are listed below:

- Development of Avoided Cost and Rate Designs for Distributed Generation
- Appropriate levels of Contributions to City (Payment in lieu of Tax)
- Information provided by Cost of Service Studies
- Cash Reserve Policies for Electric Utilities
- Development of Utility Extension Policies
- Development of Key Financial Targets
- Cost of Service Challenges and Solutions

UFS’s industry leading status has allowed us to present courses on distributed generation to the US Department of Energy and provide them with proper pricing methods to recover costs and promote renewable generation.

Quality Control - Proper quality control and management include help ensure the accomplished work is in alignment with the project scope, is completed timely, within budget and the results are accurate and defensible. UFS implements a number of quality controls to achieve these desired goals, including a three level review of the financial projection, cost of service studies and that rate designs achieve the desired revenue requirements. The quality controls developed by UFS are specific to utility rate studies and are based on our prior experience working with electric utilities in the USA, Guam, the Caribbean, and Canada. All portions of our studies include the following at a minimum:

- Development of a detailed work plan based on scope of services and discussion with management
- Establish work plan with projected milestones and timelines
- Proof and balance historical usage, expenses, and revenues with audited financial statements
- Compare UFS financial projections with utility budgets
- Review by Project Manager of projections and cost of service study
- Review by UFS President or Vice-President of study results
- Presentation of results by UFS with Utility Staff prior to finalizing study

Timeliness of Studies - Part of the quality control includes the timely completion of the rate studies. UFS experience in completing studies provides us the ability to complete the studies as requested and discussed in the initial kick-off meeting.

Experience – UFS’s extensive experience includes completion of rate studies in 43 states, including Illinois and Guam, the Caribbean and Canada. We have worked with small utilities as well as some of the largest public power systems around the country. A small sample include Nashville TN; Rochester MN; Imperial Irrigation District CA; Danville VA; and Cleveland OH.

UFS works with the utilities governing bodies to obtain rate approvals and develops rates to assist utilities in meeting the community’s objectives. We have become the nation’s leader in rate development and a sample is listed below:

- Development of power cost adjustments
- Time of use rates
- Economic Development Rates
- Standby rates
- Distributed Generation Rates
- Line extension policies
- Street lighting rates
- Combining or expanding rate classes

Experience in Illinois - UFS has provided services to utilities in Illinois including rate studies for Rock Falls, Naperville, Rantoul, Mascoutah, Princeton, Rochelle, and St. Charles. We are also experienced in working with the Illinois Municipal Electric Agency and internal generation resources.

Financial Strength - UFS commenced business in 2001 and has the highest financial rating by Dunn and Bradstreet.

Independence - UFS maintains its independence throughout its engagements to help ensure unbiased recommendations to the governing bodies. We do not provide services that could impair our independence such as engineering, accounting, or auditing services. UFS only provides financial services related to Financial Planning, Cost of Service and Rate Designs for Utilities.

Diversity of UFS Staff - The proper development of rate study requires knowledge in accounting, finance, economics, and engineering. Utility staff has diverse backgrounds include degrees in accounting (CPA), engineering, finance, economics, and information technology.

UFS Organization and Staff

Utility Financial Solutions, LLC (UFS) was established in 2001 and has a project team with over 100 years of combined experience performing cost-of-service, financial planning, and rate design for municipal utilities around the nation. This provides the City of Rock Falls with experience to creatively solve financial and operational issues and help ensure financial stability in future years. The project team members are recognized national experts. Their role is dependent on workload and timing requirements of project and will be used in various stages of the cost of service study. Below is an organization list and resumes of key UFS staff members.

Utility Financial Solutions, LLC
 185 Sun Meadow Court
 Holland, MI 49424
 Office Phone: (616) 393-9722
 Fax: (888) 566-4430

Name and title of primary contact person

Mark Beauchamp, MBA, CPA, CMA
 President, Utility Financial Solutions, LLC
 E-mail - mbeauchamp@ufsweb.com
 Cell - (616) 403-5450

Date firm established - UFS was established in September 2001

UFS staff members

Mark Beauchamp – President
 Dawn Lund – Vice President
 Dan Kasbohm – Manager
 Mike Johnson – Manager
 Chris Lund – Business and Technology Manager
 Joan Bakenhus – Senior Financial Analyst
 Jillian Jurczyk – Financial Analyst
 Robert Blank – Financial Analyst
 Carolyn Ragusett – Administrative Assistant

UFS project service team


Name	Title	Responsibility
Mark Beauchamp	President	Project manager, final review of project, and final reports
Dan Kasbohm	Manager	Project lead, primary client contact, analyze data and construct model, assemble findings, prepare reports
Robert Blank	Financial Analyst	Project analyst, secondary client contact, collect and input client data, initial report draft

Staff Availability

UFS has adequate staff available to complete the tasks in the timeline requested in the RFP.

Resumes

The next section consists of UFS staff resumes.

	Mark Beauchamp, CPA, CMA, MBA President, Utility Financial Solutions, LLC
	<i>Email:</i> mbeauchamp@ufsweb.com <i>Cellular:</i> 616-403-5450 <i>Location:</i> Holland, MI

Education

- AAS Water Purification Technology
- ABA Business Administration
- BBA Major – Accounting
- MBA Master’s Degree in Business

Course Instructor

American Public Power Association (APPA)

- Advanced Cost of Service Course (Cash Basis & Utility Basis of Ratemaking)
- Intermediate Cost of Service (Cash Basis & Utility Basis of Ratemaking)
- Basic Cost of Service (Cash Basis and Utility Basis of Ratemaking)
- Financial Planning for Municipal Utilities
- Financial Planning for Board & Councils
- Financial Planning and Rate Setting for Managers (Part of Managers Certificate Program)

American Municipal Power (AMP)

- Financial Planning and Rate Designs for Electric Utilities

Expert Witness Service

- Detroit Edison vs. Ameritech – Provided expert witness services for Detroit Edison on development of Pole Attachment Rates for Ameritech
- Nebraska State Unicameral – Served as an expert witness before the state of Nebraska Unicameral on Proper rate setting and credits to provide customer installed renewable generation
- Dayton Power & Light – Provided expert witness services on pole attachment rates. Case was resolved prior to Court appearance
- Coldwater Board of Public Works – Provide expert witness services on rate challenge by large industrial customer. Case was dropped after deposition was provided
- Smethport PA – Provided deposition and responses to Pennsylvania Public Service Commission on Rate Filing for Smethport

License and Qualifications

- Class “A” license in wastewater treatment from the State of Michigan
- (CPA) Certified Public Accountant – Wisconsin
- (CMA) Certified Management Accountant – Institute Certified Management Accountants

Course Instructor

Michigan State University

- Advanced issues in Cost Allocation (Utility Basis of Rate Making)
- Retail Costing and Pricing of Electricity
- Wholesale Costing and Pricing of Electricity

Southwest American Water Works Association

Michigan Rural Water Association

- Cost of Service & Rate Making for Water Utilities

Michigan Finance Government Officers Association

- Cost of Service & Rate Making for Water & Wastewater Utilities

Industry Involvement

- Member of the American Public Power Association
- Member of the American Water Works Association
- Member of the Institute of Management Accountants
- Speaker at national conferences on Financial Planning for Municipal Utilities, Pricing for Water Utilities, Pricing Fiber Optic backbone systems, Unbundling Electric Rates, and Ways to Attract and Retain Customers
- Author of articles appearing in national magazines and newsletters regarding pricing fiber optics, training electric rates, and designing water rates

Dawn Lund

Vice-President, Utility Financial Solutions, LLC



Dawn has utility energy experience pricing and marketing utility services for electric, water and wastewater beginning in 1996. Dawn has worked with UFS since 2006 and previously worked with a large utility and held positions as Cost and Rate Specialist and Marketing and Communications Specialist. Dawn works with utilities across the country teaching financial concepts and is also the instructor for Financial Planning courses for the American Public Power Association. She is also a regularly requested speaker for various regional and national organizations.

Email: dlund@ufsweb.com

Cellular: 231-218-9664

Location: Traverse City, MI

Cost of Service (COS)

- Completed electric water and wastewater cost of service and rate design studies for utilities across the country, Guam, the Caribbean, and Canada
- Determining appropriate allocations of overhead costs between utility services

Long-term financial analysis

- Development of long-term sales and expense projections for electric, water, and wastewater utilities
- Development of long-term financial plan and rate track for electric, water, and wastewater

Presentation/Training

- Presentations to City Councils and Boards for approval of utility rates and proposed rate tracks
- Instructor for APPA’s Financial Planning and Basic Cost of Services courses
- Monthly presentations to various organizations on topics such as: cost of Service, financial planning, Key financial targets, cash policies and how to explain rate increases to the end user, cost of services challenges/solutions, and Introduction to allocation studies

Rate Design

- Development of equitable rates between inside-city and outside-city customers
- Development of wholesale contract rates,
- Development of special rates; Economic and Time of Use
- Development of Connection Fees
- Development of rate designs to meet financial objectives of utility

Other Professional Involvement

- Member of AWWA Finance, Accounting, Management and Controls Committee
- Member of AWWA Rates and Charges Committee
- Member of MI-AWWA Education Committee
- Developing MI-AWWA Water Academy material for Cost of Service, Financial Planning
- Developed the Basic Cost of Service and Financial Planning courses for APPA
- Preferred Consulting firm for Hometown Connections Financial Planning, Cost of Service and Rate Design

Mike Johnson

Manager, Utility Financial Solutions, LLC



Mike joined Utility Financial Solutions, LLC in 2011 and has experience assisting utilities since 1995. He has a Higher National Diploma in Mechatronics (Combined Electrical/Mechanical Engineering). Mike is experienced in cost of service, rate making, financial/operational modeling, automation, electric utility operations, and power supply.

Email: mjohnson@ufsweb.com

Cellular: 608-230-5849

Location: Madison, WI

Cost of Service

- Development of cost of service studies for electric, communication, gas, water, and wastewater utilities
- Forecasts utility revenue requirements
- Cost allocation model development

Rate Design

- Provides cost of services class allocations and rate making
- Designs time of use rates
- Identify effects for different usage patterns within the same class
- Development of rates for alternative fuels and vehicles
- Evaluate marginal costs and development of line extension policies and economic development rates

Expert Witness Services

- Prepared and testified on filings to Public Utility Commission

Long Term Financial Analysis

- Develops utility financial analysis models
- Identifies growth and load forecasting
- Models rate and revenue effect for customer change within utilities (loss of customers/additional load)
- Develops target metrics for utilities including cash policies, operating income, debt coverage

Other Utility Tools

- Computes cost functionalization and allocation systems for designing and managing complex changes
- Evaluates data and system integration issues associated with new software implementations
- Provides market analysis, bidding, and settlement processes analysis
- Identification and valuation of fixed assets
- Assessment of utility value for sales/purchase
- Development of risk mitigation tools, power/fuel cost adjustment mechanisms

Dan Kasbohm

Manager, Utility Financial Solutions, LLC



Dan joined Utility Financial Solutions, LLC in 2007 and has experience in conducting cost of service and financial analysis for electric, water, wastewater, and cable utilities around the nation. He has a Bachelor of Science degree in Engineering and was employed in the automotive industry. Dan is a co-instructor for the Basic and Intermediate Cost of Service courses for the American Public Power Association.

Email: dkasbohm@ufsweb.com

Cellular: 616-402-7045

Location: Grand Haven, MI

Cost of Service (COS)

- Identification of fixed/variable costs related to:
 - Customer availability to be served
 - Commodity based costs
 - Demand based costs
- Identification of class to class subsidization
- Utility cost breakdown by function
- Detailed cost unbundling

Long-term financial analysis & identification of:

- Utility revenue requirements (utility and cash-based methods)
- Debt Coverage conformance
- Minimum cash requirements
- Optimal operating income targets
- Optional rate adjustments in projected years

Presentation/Training


- Presenting study results to management and governing body of utility
- Provide utility training on use of projection & COS models
- Co-Instructor for the American Public Power Association Academy
 - Basic & Intermediate Cost of Service

Rate Design

- Current Utility rate structure updates
 - Utility revenue impact
 - Customer bill impacts at various usage levels
 - Identify revenue stability of rates
 - Rate survey analysis
- Development of new rates including:
 - Time of Use (seasonal, daily, hourly)
 - Power Cost Adjustment (PCA)
 - Coincidental-Peak Rates
 - Economic Development rates
 - Street lighting rates

Other Utility Tools

- Power Cost Adjustment mechanisms based on utility cash position, objectives, and dispatch profile
- Street Light Cost of Service by light and pole types
- Load Profile Analysis to identify utility and customer usage patterns
- Power supply forecasting
- Implementation of a justified minimum cash policy
- Calculation of fees for standard utility work
- Development of line extension policies

Joan Bakenhus Senior Financial Analyst, Utility Financial Solutions, LLC	
	<p>Joan has experience working with municipal utilities from 1986-1996 and came back to industry in 2006. Joan has a degree in Business Administration. Joan has worked as a Rate Analyst for one of the largest public power systems in the nation (Lincoln Electric System) and for Utility Financial Solutions, LLC since 2006. Joan is experienced in development of long-term financial plans, rate design models and cost of service studies for electric, water, and wastewater utilities.</p> <p><i>Email:</i> jbakenhus@ufsweb.com <i>Cellular:</i> 402-483-2542 <i>Location:</i> Nebraska</p>

Cost of Service (COS)

- Working with Utilities to identify information requirements to complete cost of service and financial plans
- Set up and develop utility revenue requirements, cost of service program and utility revenue proof
- Balancing and set up of models for development of cost of service for water, wastewater, and electric utilities to determine commodity and customer charges
- Responsible for analysis, preparation and updating cost of service models for several electric, water utilities

Rate Design

- Balancing and set up of models for development rate design for water, wastewater, and electric utilities to determine commodity and customer charges
- Development of rate design models for electric, Water utilities
- Development of rate surveys

Other Utility Tools

- Balancing of sales with revenue to help ensure proper billing statistics are used in cost of service models

Long Term Financial Analysis

- Development of long-term financial forecasts for water, wastewater, and electric utilities to determine the amount and timing of rate adjustments

Chris Lund

Business & Technology Manager, Utility Financial Solutions, LLC



Chris has a bachelor's degree in Business Administration with concentration in Computer Science and Speech Communications. He has been a technology and management consultant since 1992 and has utility experience since 2005. Chris is an employee of UFS since 2012 and has also sub-consulted on a variety of technology projects for UFS since 2003.

Email: clund@ufsweb.com

Cellular: 231-342-9798

Location: Traverse City, MI

Financial Consulting

- Completed cost of service and rate design studies for electric, water, wastewater, telecommunications and refuse utilities
- Designed, wrote, and implemented long term financial projection model including revenue requirements and rate track
- Determined avoided cost for solar (photovoltaic - PV) and wind for renewable energy rates
- Lead consultant for electric vehicle (EV) rates and service study
- Conducted multiple fiber optic cost of service and rate design studies
- Presentations to Governing Bodies for approval of utility rates and proposed rate tracks

Data Analytics

- Data mining and analysis specialist for electric load data research
- Specialist with data mining, data conversion and custom reporting
- Experienced with various ODBC (database connectivity)
- Implemented job costing solution for manufacturing companies
- Designed, written, implemented, supported multiple, custom bar coding and data collection systems for wholesale distribution and manufacturing organizations
- Data collection systems pushed data to payroll for time and attendance, automated inventory tracking and job costing

Technology Experience

- Experienced in Microsoft Excel automation – including payroll data, job costing and automated billing (office automation)
- Experienced in Microsoft Access custom database, programming, and reporting – including electronic data interchange (EDI) mapping using Microsoft VBA
- Lead consultant for multiple mission critical, corporate wide enterprise resource planning (ERP) technology solutions
- Implemented, trained, and supported multiple telecommunications projects
- Implemented and supported some of the first voice over internet protocol (VOIP) telecommuting systems
- Guide management with technology related strategy and business integration
- Modification and complete custom program solutions on midrange and PC
- Wrote automated bill of material (BOM) purchasing forecasting system
- Specify, install, and maintain mission critical PC network infrastructure, servers, workstation, and related software
- Experienced in network security and virtual private network (VPN) technology
- Implemented and supported web storefronts integrated with corporate backend database solution for inventory management, order processing, billing, and account status

Jillian Jurczyk, MEd.

Financial Analyst, Utility Financial Solutions, LLC



Jill has been with UFS since 2013. She has a Bachelor’s degree in Mathematics and a Master’s degree in Applied Economics from Johns Hopkins University. Jill has populated and analyzed cost of service models, developed long-term financial projections, and designed rates for utilities. Jill specializes in econometric modeling and statistical analysis to project sales and usage. She has worked with a variety of econometric software packages and is competent in handling seasonality, trend, heteroscedasticity, and other economic inefficiencies that arise in data analysis.

E-mail: jjurczyk@ufsweb.com

Cellular: 616-283-8502

Location: Holland, MI

Jill’s experience includes:

- Forecasting Utility revenue requirements
- Projecting revenues and expenses, asset depreciation, and net book value
- Designing rates based on Cost of Service results
- Analyzing rate payer impacts and sensitivities
- Working with Utility Staff to identify study goals and understand organization
- Keeping up to date on the current economic impacts of renewable energy, the relationship to the Clean Power Plan legislation, and potential effects on the Electric Industry

Robert Blank

Financial Analyst, Utility Financial Solutions, LLC



Robert has been working for Utility Financial Solutions, LLC since May of 2014 and has a Bachelor of Business Administration with a major in Finance from Davenport University. Over his time at UFS he has conducted Utility rate surveys as well as developed rate designs. Robert has experience with long term financial projections and cost of service studies for Electric, Water, Wastewater, and Gas utilities.

E-mail: bblank@ufsweb.com

Cellular: 616-403-9926

Location: Holland, MI

Robert’s experience includes:

- Developing rate design models for electric utilities
- Conducting Rate Surveys
- Responsible for analysis of financial statements and preparation of cost of service models
- Working with utilities to identify the information needed to conduct an accurate cost of service study
- Calculating Minimum Cash Reserve levels, Target Operating Income, and Debt Coverage Ratios

Carolyn Ragusett

Administrative Assistant, Utility Financial Solutions, LLC



Carolyn has been working for Utility Financial Solutions, LLC since May 2018 and has 47 years of office industry experience. For 27 years Carolyn was the Office Administrator for a large accounting firm in Wisconsin where she supervised office support staff. She additionally served 9 years as the tax department administrative officer and maintained the tax library.

E-mail: cragusett@ufsweb.com

Cellular: 920-450-0577

Location: Neenah, WI

Carolyn is skilled in the following:

- Managing and organizing workflow scheduling
- Performance reviews
- Office support and coordinating office activities
- Client correspondence
- Billing, Invoicing, and Collections
- Communication Review of office correspondence and materials
- Valuation Reports

Detailed Scope of Work

The City of Rock Falls Electric Department (RFED) Project Requirements

The following services are requested as part of the Request for Proposal and will be provided as part of the study by UFS:

- 1) Review RFED's revenue projections for reasonableness and recommend any needed changes to the current methodology.
- 2) Review RFED's expense projections for reasonableness and recommend any needed change(s) to the current methodology.
- 3) Determine appropriate rate-of-return on utility assets. Recommend appropriate rate-of-return. Include explanation of need for rate-of-return and basis of calculation of recommendation
- 4) Assess and recommend the minimum cash reserve level. Recommend the minimum cash reserve level for the electric utility using either a cash basis or utility base. Explain the methodology and reason for the selection.
- 5) Determine utility revenue requirements for the test year and over a five year planning horizon. Financial projection should include a financial statement projection, and cash flow projection.
- 6) Calculate the debt coverage ratio for the test year and the five year planning horizon.
- 7) Determine rate adjustment needed for the five-year planning horizon and rate track to achieve required adjustment.
- 8) Explain if annual rate adjustments are to meet cash reserve requirements or debt coverage requirements.
- 9) Review RFED's customer class definitions and recommend any needed changes to current methodology.
- 10) Review RFED's customer class co-incident demand values and provide comparative state or national values.
- 11) Perform Cost-of-Service Analysis. After discussion with RFED staff, define which type of cost-of service will be performed (Average Embedded or Marginal Cost) and explain selection.
- 12) Perform the cost-of-service analysis including:
- 13) Unbundling of costs
 - (i) Recommend Customer charge for each customer class
 - (ii) Recommend Transmission/Distribution charge for each customer class or estimate kWh usage level necessary to recover costs.
 - (iii) Recommend Demand charge for each customer class or estimate kWh usage level necessary to recover costs.
 - (iv) Recommend Energy charge for each customer class with and without transmission/Distribution charge and Demand charge.
 - (v) Project economic impact of recommendations on each customer class and impact on RFED's revenues.
- 14) Review Industrial Service Rate
- 15) Recommend approach to a time-of-use structure for all or part of the identified customers.
- 16) Review fees charged to customers and recommend changes to fee schedule for charges:
 - (i) Temporary Removal of Service Drop
 - (ii) Delinquency Disconnect/Reconnect Charges including cost differences for
 - (iii) Residential and commercial customers
 - (iv) Evenings
 - (v) Weekends
- 17) Deliverables to include:
 - (i) Draft report presented to RFED staff for comment.
 - (ii) Final report to include discussion and analysis of the items listed above and
 1. Fully updateable cost-of-service model in Excel spreadsheet format provided to RFED
 2. Four (4) hours of training on the cost-of-service model to be provided to RFED staff

Detailed Project Scope

Our approach to this project was developed to meet the objectives of RFED and is based on the scope of services and UFS prior experience in completing electric cost of service studies around the nation including Illinois. Listed below are more detailed descriptions of the services to be provided, our process, and sample outputs from our studies. Our proposed work plan is designed to meet the requirements and methodologies established in the industry.

1) Review RFED's revenue projections for reasonableness and recommend any needed changes to the current methodology.

Verification of the revenue generated based on projected sales is one of most critical aspects of the cost of service study and helps ensure appropriate revenues are generated from any rate design. UFS implements procedures such as normalization of electric sales, balancing of kWh units of energy produced with kWh sales, and proofing the billings statistics used in the rate design model. The proofing of the billing statistics calculates the revenue from the billing statistics of a known year and compares with actual revenue reported by RFED. Variations between calculated and reported revenues are investigated to ensure the accuracy of the billing statistics.

2) Review RFED's expense projections for reasonableness and recommend any needed change(s) to the current methodology.

Working with RFED we will review expenses over the past fiscal year, discuss with management significant changes and exclude any non-recurring expenses from the test year projection, and review any financial projection model currently used by RFED.

3) Determine appropriate rate-of-return on utility assets. Recommend appropriate rate-of-return. Include explanation of need for rate-of-return and basis of calculation of recommendation.

The cost of service study is completed on the utility basis of rate making using a targeted operating income based on a rate of return on utility assets. UFS is considered a national authority on determining appropriate return on investments that consider interest expense on outstanding debt, inflation, age of utility assets and the systems needs for capital improvements. The utility basis is the only way to accurately identify the ideal level of electric rates for customers. However, practical limitations such as potential rate impacts on customers and rate comparisons of surrounding utilities also need to be considered when considering actual rate increases. To help management and the City Council make informed decisions three primary financial targets are reviewed in the analysis including the minimum cash reserve level, debt coverage ratio, and meeting the optimal operating income level.

4) Assess and recommend the minimum cash reserve level. Recommend the minimum cash reserve level for the electric utility using either a cash basis or utility base. Explain the methodology and reason for the selection.

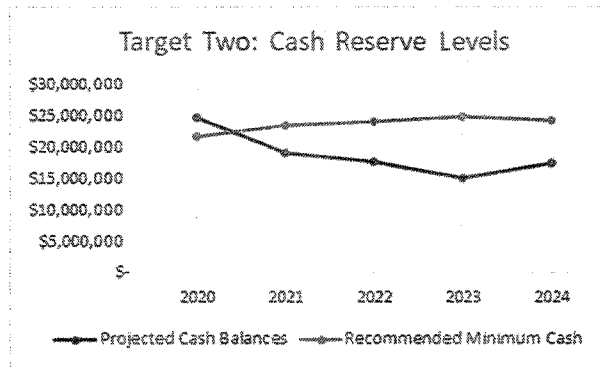
A number of methods will be used to help determine the minimum level of cash reserves. The average AA rated utility maintains an average of 120 days of cash; however, the recommended cash reserves for a specific utility is dependent on a number of factors including:

- Exposure to catastrophic events such as ice storms, tornadoes, or flooding
- Stability of power supply costs
- Debt service payments
- Future capital expenses
- Working capital requirements

To help ensure timely completion of capital improvements and enable the utility to meet requirements for large, unexpected expenditures, a minimum cash reserve policy should be established. Minimum cash reserves attempt to quantify the minimum amount of cash the utility should keep in reserve, the actual cash reserves may vary substantially above the minimum and is dependent on the life cycle of assets currently in service. The minimum cash reserve calculation considers the risk “in total” and not each individual category. For example; catastrophic events can occur, and the amount may far exceed the amount set aside under investment in assets. This category should also consider short term financing and the reserves set aside in the remaining four categories.

- **Working Capital Lag** - Timing differences between when expenses are incurred and revenues received from customers. Establishing a minimum cash reserve helps ensure cash exists to pay expenses in a timely manner.
- **Investment in assets** – Catastrophic events may occur that require substantial investments to replace damaged assets. Some examples of catastrophic events include ice storms, earthquakes, windstorms, floods, or tornadoes. Many of these catastrophic events may allow the utility to recover the cost of damages from FEMA; however, FEMA reimbursements can take between 6 months to 2 years to recover. The utility should ensure adequate cash reserves exist to replace the assets in a timely fashion. The minimum reserve levels are often combined with emergency funding from banks or bonding agencies. The percent to the minimum cash reserves are dependent on the age of the assets in service and the level of risk of catastrophic type events.
- **Annual debt service** – Debt service payments do not occur evenly throughout the year and often occurs at periodic times typically every six months. The utility has to ensure adequate cash reserves exist to fund the debt service payment when the payment is due.
- **Capital improvement program** – Some capital improvements are funded through bond issuances and some through cash reserves. The establishment of a minimum cash reserve level helps to ensure timely replacement or construction of assets.

Sample Report Table: Minimum Cash Reserves



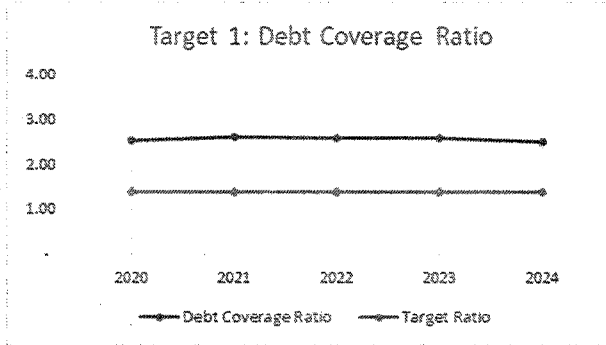
Description	Projected Y1	Projected Y2	Projected Y3	Projected Y4	Projected Y5
Minimum Cash Reserve Allocation					
Operation & Maintenance Less Depreciation Expense	25.0%	25.0%	25.0%	25.0%	25.0%
Purchase Power Expense	25.0%	25.0%	25.0%	25.0%	25.0%
Historical Rate Base	2.0%	2.0%	2.0%	2.0%	2.0%
Current Portion of Debt Service Payment	83%	83%	83%	83%	83%
Five Year Capital Improvements - Net of bond proceeds	20%	20%	20%	20%	20%
% Plant Depreciated	56%	54%	55%	55%	59%
Calculated Minimum Cash Level					
Operation & Maintenance Less Depreciation Expense	\$ 6,589,952	\$ 6,762,400	\$ 6,941,318	\$ 7,153,036	\$ 7,281,393
Purchase Power Expense	8,381,482	9,722,132	9,982,984	10,548,544	9,731,911
Historical Rate Base	1,527,454	1,689,254	1,769,511	1,877,918	1,877,918
Current Portion of Debt Service Reserve	1,391,419	1,401,379	1,409,679	1,416,319	1,462,799
Five Year Capital Improvements - Net of bond proceeds	3,939,646	3,939,646	3,939,646	3,939,646	3,939,646
Minimum Cash Reserve Levels	\$21,829,952	\$23,514,810	\$24,043,138	\$24,935,462	\$24,293,667
Projected Cash Reserves	\$24,692,803	\$19,224,903	\$17,829,253	\$15,047,239	\$17,559,446

We will review the methodology and assumptions used in determination of the minimum cash reserve guidelines and compare with established financial policies of RFED. If appropriate we will comment on potential modification(s) to existing cash reserve guidelines.

- 5) **Determine utility revenue requirements for the test year and over a five-year planning horizon.**
Financial projection should include a financial statement projection, and cash flow projection
 Revenue requirements included in the cost of service analysis will be completed on both the cash basis and utility cost basis. We will discuss with staff and make recommendations on the appropriate rates of return for distribution and power supply investments in infrastructure. Projected cash flows are identified in a five-year projection.

- 6) **Calculate the debt coverage ratio for the test year and the five-year planning horizon**
 Based on review of bond issues and debt service schedules, the principal and interest expense will be identified and incorporated into the analysis. The long-term financial plan will compare results with any requirements specified in the bond ordinance.

Sample Report Table: Debt Coverage Ratio graph and calculation:



Description	Projected Y1	Projected Y2	Projected Y3	Projected Y4	Projected Y5
Net Income	\$ 996,826	\$ 997,462	\$ 945,213	\$ 826,113	\$ 758,497
Add Depreciation/Amortization Expense	2,565,601	2,609,101	2,732,859	2,921,523	3,057,531
Add Interest Expense	764,408	726,408	688,408	648,408	606,408
Cash Generated from Operations	\$ 4,326,835	\$ 4,332,972	\$ 4,366,480	\$ 4,396,044	\$ 4,422,435
Debt Principal and Interest	\$ 1,714,408	\$ 1,676,408	\$ 1,688,408	\$ 1,698,408	\$ 1,706,408
Projected Debt Coverage Ratio (Covenants)	2.52	2.58	2.59	2.59	2.59
Minimum Debt Coverage Ratio	1.4	1.4	1.4	1.4	1.4

7) Determine rate adjustment needed for the five-year planning horizon and rate track to achieve required adjustment

The projections will be summarized, and development of alternative rate tracks will be reviewed and compared to each financial target to help ensure the future financial stability of the utility. We will work with Management and the Governing body in review and development of five-year strategies and rate track. All adjustments are tied to the cost of service study for the test year, so results can easily be updated, and sensitivities run within the same model.

Projected Summary Financial before Rate Adjustments

Fiscal Year	Projected Rate Adjustments	Adjusted		Target		Capital	
		Operating Income	Operating Income	Projected Cash Balances	Recommended Minimum Cash	Improvements Plan	Debt Coverage Ratio
Year 1	0.0%	\$ 2,728,770	\$ 3,038,480	\$ 16,392,621	\$ 18,099,160	\$ 6,065,000	1.10
Year 2	0.0%	2,711,845	3,019,772	14,592,541	19,169,551	2,175,000	1.11
Year 3	0.0%	2,622,411	3,061,319	10,964,992	19,674,886	4,012,870	1.11
Year 4	0.0%	2,473,225	3,149,568	5,938,354	20,516,844	5,420,360	1.12
Year 5	0.0%	2,380,491	3,098,229	4,959,247	20,862,261	1,380,000	1.12

Projected Summary Financials with Rate Adjustment and \$5.0 million bond issuance

Fiscal Year	Projected Rate Adjustments	Adjusted		Target		Capital	
		Operating Income	Operating Income	Projected Cash Balances	Recommended Minimum Cash	Improvements Plan	Debt Coverage Ratio
Year 1	2.0%	\$ 3,350,054	\$ 3,038,480	\$ 17,013,904	\$ 18,099,160	\$ 6,065,000	1.26
Year 2	2.0%	3,972,613	3,019,772	22,477,689	19,169,551	2,175,000	1.44
Year 3	1.0%	4,216,200	3,061,319	21,453,355	19,674,886	4,012,870	1.53
Year 4	1.0%	4,407,444	3,149,568	21,578,377	20,516,844	5,420,360	1.62
Year 5	1.0%	4,662,614	3,098,229	21,908,593	20,862,261	1,380,000	1.71

8) Explain if annual rate adjustments are to meet cash reserve requirements or debt coverage requirements

A critical aspect of the study is the clear and concise presentation to the RFED Management and City Council. UFS professionals are skilled at explaining and working with advisory and governing bodies to ensure decisions are based on information they can understand and apply to the local environment. We will review financial targets with staff and how various rate tracks can be implemented to meet each target.

9) Review RFED's customer class definitions and recommend any needed changes to current methodology

UFS will review text of the following RFED rate tariffs and recommend any needed changes related to the requirements listed within the ordinance. In addition, UFS will discuss potential test customers with staff and management in the kickoff meeting to identify if any additional rate tariff is needed in the electric utility. Review of current rate text is included in this proposal. Development of any new rate tariff outside of the current rate structure or detailed analysis of new rate options can be done by UFS and will be charged at hourly rates as listed in this proposal if agreed by management.

- Residential
- Commercial
- General Service
- Municipal and Wholesale

10) Review RFED’s customer class co-incident demand values and provide comparative state or national values

Review of RFED’s current co-incident demand rate to state and national values is included in this proposal. Development of any new rate outside of the current rate structure or detailed analysis of new co-incident demand rate options can be done by UFS and will be charged at hourly rates as listed in this proposal if agreed by management.

11) Perform Cost-of-Service Analysis. After discussion with RFED staff, define which type of cost-of service will be performed (Average Embedded or Marginal Cost) and explain selection

The cost of service will be completed consistent with established methodologies of the American Public Power Association and the National Association of Regulatory Utility Commissioners. During the project kickoff meeting UFS will discuss with RFED staff advantages and disadvantages of each the average embedded and marginal cost of service methods.

12) Perform the cost-of-service analysis including:

UFS will review each cost component for the appropriate allocation factor. A typical study includes the development of over 40 allocation factors to help ensure the study is defensible and costs are properly classified to each customer class.

The cost of service study will identify the cost to provide service to each class and compare with projected revenues from each class. The example table below compares the cost of providing service to each class with projected revenues and the percent adjustment required to meet cost of service requirements.

A summary of the cost of service analysis is developed similar to the following table:

Customer Class	Cost of Service	Projected Revenues	% Change
Residential A	\$ 4,672,077	\$ 4,183,897	11.7%
General Secondary B	3,032,446	2,974,374	2.0%
Street Light Service S	144,370	133,504	8.1%
Secondary Energy & Demand C	3,144,714	3,072,174	2.4%
Primary Energy & Demand D	20,191,294	20,700,210	-2.5%
Total	\$ 31,184,902	\$ 31,064,158	0.4%

Consistent with industry practices, the analysis will isolate cost by customer class and identify the unbundled rate structures as follows:

- Monthly Customer Charge
- Demand for Distribution and Power Supply
- Energy Charges
- Cost components broken down based on service level of each customer class. (i.e., primary, secondary, sub-transmission and transmission)
- Costs are further isolated and includes breakdowns by customer class separated as follows:
 - Generation, Distribution, Transmission, Substation, Transformer, Direct Costs, Meter O&M, Meter Reading, Customer Service, Billing, Power Supply by Resource, Payments In Lieu of Tax

Customer Class	Monthly Customer Charge	Distribution Rate	Power Supply			
			Summer		Winter	
			Demand	Energy	Demand	Energy
Residential A	\$ 13.65	\$ 0.0249	\$ 0.0181	\$ 0.0479	\$ 0.0101	\$ 0.0353
General Secondary B	26.60	0.0288	0.0311	0.0550	0.0136	0.0319
Street Light Service S	-	0.1752	-	0.0689	-	0.0300
Secondary Energy & Demand C	120.60	8.52	12.09	0.0577	4.88	0.0313
Primary Energy & Demand D	223.90	7.24	12.38	0.0573	4.85	0.0296

In addition, further breakdowns are available in the studies depending on the needs of the utility. A sample detailed breakdown of distribution costs is listed below:

Rate Breakdown	kWh		KW	
	Residential A	General Secondary B	Secondary Energy & Demand C	Primary Energy & Demand D
Demand Breakdown				
Distribution	\$ 0.0110	\$ 0.0117	\$ 3.44	\$ 2.95
Transmission	0.0059	0.0084	2.91	2.91
Transformer	0.0027	0.0029	0.73	-
Substation	0.0052	0.0057	1.43	1.39
Direct	-	-	-	-
Subtotal - kWh, kW, HP Charge	\$ 0.0249	\$ 0.0288	\$ 8.52	\$ 7.24
Customer Breakdown				
Distribution Customer Costs	\$ 6.07	\$ 12.13	\$ 54.59	\$ 109.18
Transformer Customer Costs	2.07	4.14	18.62	-
Meter O&M	0.57	0.57	2.87	39.11
Meter Reading	0.13	0.13	1.15	2.30
Billing	0.08	0.15	0.70	1.39
Services	1.20	2.41	10.83	8.23
Customer Service	3.54	7.08	31.84	63.68
Customer Charge \$/Meter	\$ 13.65	\$ 26.60	\$ 120.60	\$ 223.90

13) Unbundling of costs

To obtain information for setting distribution rates for customers who elect customer choice, an electric unbundling study is required to isolate the revenue requirements into the various components to deliver electricity to customers. As part of the study, we will unbundle the utility costs in the following manner.

- Power supply cost broken down by billing parameters
- Transmission-related costs for any transmission or sub transmission facilities owned
- Distribution related costs for substation, distribution system, transformer, services, and meter operation and maintenance
- Customer service costs for meter installation, meter reading, billing and collections, customer service and any direct cost for specific customer classes
- Peak system losses estimated on a seasonal basis

The cost of service study combined with the electric unbundling study allows us to isolate cost to provide information to develop special rates that control system peaks or for economic development purposes.

Examples of cost isolated for alternative rate designs are listed below:

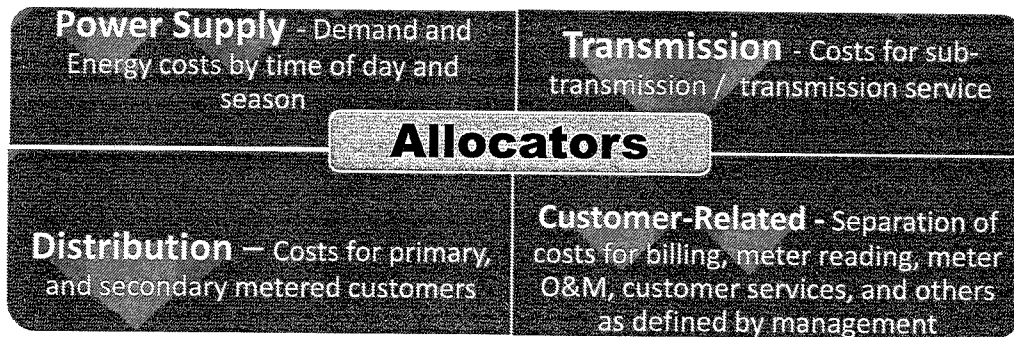
- 1) Standby charges – Cost isolated by investment in facilities to serve customers on a standby basis.
- 2) Interruptible Loads – Rates to promote interruptible loads that reflect the savings to the Utility. Our study will isolate costs by power supply demand, energy, and transmission to identify the potential cost savings of an interruptible customer.
- 3) Seasonal Rates – The cost of service study allocates costs to each rate class based on seasonal time period. The time periods will be identified through review of system loads and power supply and transmission costs.
- 4) Time of Use – For time of use rates to be effective in sending the proper price signal the cost of service analysis is supplemented with marginal costs to identify and recommend appropriate charges on a time of use basis.
- 5) Economic Development Rates – Rates can be developed to promote economic development by attracting new customers or expansion of existing customers. It is important that economic development rates be developed using a marginal cost approach to ensure existing customers are not unduly subsidizing any reduced rates or fees charged under an economic development program.
- 6) Power Factor/Incentive Rates – To recover cost related to low power factor a number of alternative methods exist that will be explored and discussed with Management. Some alternatives include identifying the cost for generating stations to add additional VARs to the system to correct power factor, installation cost of capacitors on the system, and review of surrounding utilities level where the power factor penalty begins.
- 7) Other Potential Rates are listed below:
 - Public education rates
 - Net Metering Rates
 - Aggregation Rates
 - Green Rates
 - (i) **Recommend Customer charge for each customer class**

UFS will identify cost components included in the COS monthly customer cost. In addition, the COS model can provide management with additional detail on the individual components that sum up to the total monthly customer charge.
 - (ii) **Recommend Transmission/Distribution charge for each customer class or estimate kWh usage level necessary to recover costs.**

UFS will identify cost components included in the COS transmission/distribution cost.
 - (iii) **Recommend Demand charge for each customer class or estimate kWh usage level necessary to recover costs.**

The UFS cost of service model identifies distribution demand related costs and assigns an appropriate billing parameter available (kW/kWh) in each rate class.
 - (iv) **Recommend Energy charge for each customer class with and without transmission/Distribution charge and Demand charge.**

Power supply costs are separated into demand and energy components then allocated to each customer class based on the load profiles of each customer type. The table below is an example output of the power supply cost breakdown into billing parameters available in each rate class.



(v) **Project economic impact of recommendations on each customer class and impact on RFED’s revenues**

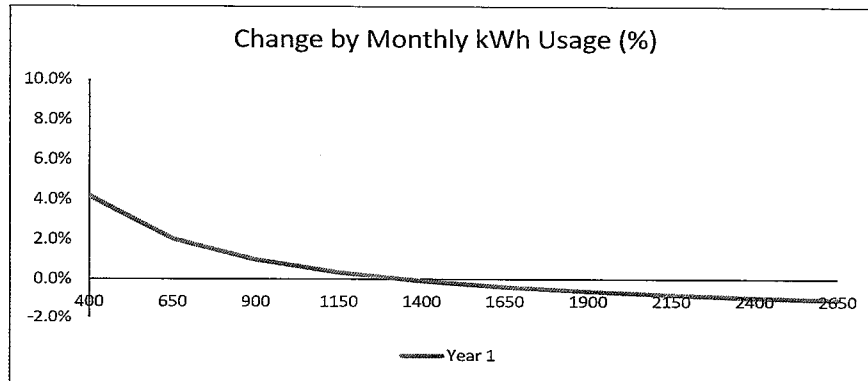
Cost of service results are one factor in design of electric rates for customers. Other factors must be considered such as impact on customers, social and environmental issues, and philosophy of the Governing Body. We will work with management and staff in the design of electric rates based on cost of service results, current rates, and impact on customer classes. We will make recommendations on rates for each class; identify potential new rate classifications, and weaknesses in current rate designs. We will proof the revenues based on projected billing parameters to help ensure the rates are sufficient to meet utility revenue requirements and identify the potential rate impact to utility customers at various usage levels. A one-year rate design plus proposed rate track projections for the next five years are included in this proposal to help avoid future rate spikes and meet key financial targets.

We will develop equitable rate designs to achieve specific objectives of RFED and help ensure revenue stability, sustainability, and full cost recovery from customers. To avoid undue hardships on customers as a result of any cost differences between current rates and cost of service results we will propose a phase in of existing rates to cost of service results. The rate design model identifies impacts on customer classes at various usage levels. The table below is a sample output from our rate design models:

Electric Sample Rate Design, Single Year

Projected Residential Rates

Rates	Current	Year 1	COS
Monthly Facilities Charge:			
All Customers	\$ 6.50	\$ 8.50	\$ 14.47
Energy Charge:			
All Energy	\$ 0.0681	\$ 0.0666	\$ 0.08093
Revenue from Rate	\$ 3,584,465	\$ 3,648,247	\$ 4,709,219
Change from Previous		1.8%	



Average Monthly Bill Increase by Usage

All Energy	Year 1	Year 1
	\$	%
400	\$1.40	4.1%
650	\$1.03	2.0%
900	\$0.65	1.0%
1150	\$0.28	0.3%
1400	(\$0.10)	-0.1%
1650	(\$0.47)	-0.4%
1900	(\$0.85)	-0.6%
2150	(\$1.22)	-0.8%
2400	(\$1.60)	-0.9%
2650	(\$1.97)	-1.1%

14) Review Industrial Service Rate

Current rate structures will be reviewed and compared with COS results. Proposed changes will be discussed with management and a plan identified to structure changes over time to minimize impact on customers and impact on the utility's revenue.

15) Recommend approach to a time-of-use structure for all or part of the identified customers.

UFS has developed time of use rate structures for electric utilities with rates developed for all rate classes including residential, general service, and large general service. The rate designs can take various forms depending on the cost structure of the utility, desired price signals, and structure of rates. The cost structures are often established seasonally and reflect time periods usage and costs change significantly. The rate structure often includes a HLH (on peak), LLH (off-peak), and critical peak time period or critical peak overlay feature callable by the utility. There are three methodologies used in the development of time of use rates. The methodology is dependent on the desired price signals and theory the utility chooses. The marginal cost theories are listed below:

- Short-term marginal costs – Typically defined as the costs to either purchase or produce the next kWh of power for each time period.
- Long-run marginal costs – Often defined as the cost to install the next unit of generation and prices are based on the construction costs, gas supply lines, operation & maintenance costs, and the required generation reserves.
- Embedded costs – The cost of existing generation and purchase power contracts. The costs are isolated by time of day in our time of use development models.

Each of these methods has certain strengths and weaknesses and will be discussed with staff. Often we develop the time of use rates on each methodology to allow the utility to make an informed decision and choose the desired methodology.

Once power supply rates by hour are determined, the traditional cost of service study is used to identify the distribution and monthly customer charges and the actual retail time differentiated rates developed. If hourly load information is available, we match the calculated time of use rates with the revenue generated by the existing rates to help prevent losses or increases in revenues for the utility. We have developed time of use rates for 15 utilities with offering varying from only large load customers to offerings to all customer classes including residential.

16) Review fees charged to customers and recommend changes to fee schedule for charges:

- **Temporary Removal of Service Drop**
- **Delinquency Disconnect/Reconnect Charges including cost differences for**
- **Residential and commercial customers**
- **Evenings**
- **Weekends**

UFS has excel programs used to develop and update fee schedules used by utilities around the nation. We have programs established to identify the cost of providing each of the services listed under miscellaneous charges. We will review the cost of providing fees based on hours, equipment rental charges, hourly rates, overhead, administration, and margins to help ensure RFED is recovering the appropriate costs in published fees charged to customers. Current fees identified above in item 16 will be reviewed.

17) Deliverables to include:

(i) Draft report presented to RFED staff for comment.

UFS will provide utility staff with a draft executive summary report and, after review, UFS will provide the requested number of reports in printed and electronic formats for the preliminary, final and City Council meetings. Our reports are separated into reports as listed below:

- **Executive Summary Report** – An overview that identifies the objectives, process, and results of the rate study in a clear and concise format, the report includes graphs, charts, tables, and recommendations.
- **Full Report** – Includes all the detailed schedules developed to complete the study and includes the executive summary report
- **Power Point Presentation** – Includes a summary of the executive summary report to be used in City Council meeting
- **Rate Design Recommendation Report** for one (1) test year – The rate design report is a separate module. To ensure efficiency and timeliness of the study the executive summary and the full detail report are provided to management for input into the rate design process. The rate design report includes the following:

- Comparison of the current and proposed rates
- Expected revenues generated from proposed rates
- Impact on customer classes at various usage levels or load factors within each rate class

In addition to the written reports a critical aspect of the study is the clear and concise presentation to the RFED City Council. UFS professionals are skilled at explaining and working with advisory and governing bodies to ensure decisions are based on information they can understand and apply to the local environment. We have made presentations to over 300 utilities around the nation to obtain rate approvals and to help City Councils and management understand the financial and rate implications to customers and the electric utility.

(ii) Final report to include discussion and analysis of the items listed above and

➤ **Fully updateable cost-of-service model in Excel spreadsheet format provided to RFED**

The UFS cost of service model is proprietary, built in Microsoft Excel, and will be provided to RFED with written acknowledgement it is for internal use by only RFED and any model changes are the responsibility of RFED. The model includes the electric cost of service study, financial projections, development of long term rate track, and development of financial targets. Please note that UFS models are proprietary in nature and are for internal use only by RFED and may not be used for any other purpose.

➤ **Four (4) hours of training on the cost-of-service model to be provided to RFED staff**

We are the instructors for APPA's cost of service courses and the intermediate course includes training on cost of service models. We will also provide staff with a 4-hour training session on use of the model. In addition, staff will be involved in the development of the model throughout the COS process and will become familiar with the model, its capabilities, and the use of the model for future updates. Note that training is quoted as a virtual session, additional travel time and expense will apply if on-site training is requested.

Proposed Project Timing

Our experience with municipal electric cost of service and rate design studies, allows us to conduct a cost effective and efficient study. The following is the tentative project schedule for completion of the electric cost of service and rate design. This schedule will be finalized during the initial project kick-off meeting with management.

<i>Task</i>	<i>Expected Completion – Fifteen Weeks</i>
Initial Meeting – Preparation of Information Request	Week One
Completion of Information Request by Client	Week Two
Planning/Set-up Study	Week Three – Five
Review and Development of Revenue Requirements	Week Six – Eight
Fieldwork	Week Nine
Cost of Service Analysis Component/Functional Costs	Week Ten - Eleven
Cost based Rate Design and alternatives	Week Twelve – Thirteen
Report, Recommendations & Presentation of Draft	Week Twelve
Final Report	Week Fifteen

THE COMPLETION OF THE PROJECT ON THE PROPOSED SCHEDULE IS DEPENDENT ON THE COOPERATION OF VARIOUS DEPARTMENTS WITHIN THE UTILITY TO PREPARE THE INFORMATION REQUEST IN A TIMELY MANNER.

References

Rantoul Electric Department, Illinois

Client Contact: Jake McCoy
Interim Public Works Director
Phone: 217-892-2178
Email: jmccoy@village.rantoul.il.us



From 2009 through 2020, UFS prepared the following studies for Rantoul Electric Department: electric, gas, water, and wastewater cost of service, economic development study, line extension analysis, net metering study, and solar, wind, and biomass generation analysis. The cost of service studies included developing a long-term financial plan to assist in identifying the amount and timing of future rate including development of key financial targets, cost of providing electric service to each class of customer, unbundle rates to determine, charges to each customer class for power supply broken down by demand, energy, and season, charges to each customer class based on the voltage served for each customer and included secondary, primary, sub-transmission and transmission voltage levels, monthly customer charges to each customer class, review utility rate classes and recommend additional rate classes or alternative rate forms for existing customer classes, present results of study to management and Village Board, and design electric rates.

City of Naperville, Illinois

Client Contact: Brian Groth, P.E.
Director – Electric Utility
Phone: 630-305-5225
Email: grothb@naperville.il.us



From 2015 through 2021, UFS prepared the following studies for the City of Naperville: electric, water, and wastewater cost of service, solar, electric vehicle, time of use, and benchmarking. The cost of service studies included developing a long-term financial plan to assist in identifying the amount and timing of future rate adjustments and development of financial targets, cost of providing electric service to each class of customer, unbundle rates to determine charges to each customer class for power supply broken down by demand, energy, and season, charges to each customer class based on the voltage served for each customer and included secondary, primary, sub-transmission and transmission voltage levels, monthly customer charges to each customer class, review utility rate classes and recommend additional rate classes or alternative rate forms for existing customer classes, development of Time of Use Rates, design electric rates, develop stand-by rates for large Co-Generation customers, and electric line extension policy.

Knoxville Utilities Board, Knoxville, Tennessee

Client Contact: Sherri Ottinger
Manager, Rates & Analytical Services
Phone: 865-594-7274
Email: Sherri.ottinger@kub.org



UFS completed the electric, water, wastewater, and gas cost of service models for Knoxville Utilities Board between 2017 and present. UFS recently completed development of residential demand and time of use pilot rates for all customer classes (September 2019). These projects involved analysis of residential and commercial customer classes, analysis of “non-standard” customers with pass through power or gas supply cost, reclassification of non-standard customers, data analytics on usage patterns, on-site cost of service training, worked closely with KUB staff on design of rates including developing a PILOT residential time of use rate.

History of Firm's Experience

This section discusses UFS experience and qualifications assisting municipalities with cost of service and financial analysis. UFS personnel are recognized as national experts and include highly qualified, motivated, experienced, and knowledgeable professionals. UFS' reputation has resulted in industry leading status shown by the number of clients we serve, our frequent requests to instruct classes and speak at conferences around the nation and our frequent requests to serve as expert witnesses on rate related issues.

The Project Manager for SRFED will be Mark Beauchamp, CPA, CMA, MBA with assistance from staff listed in this proposal. Mark has utility energy experience from 1981 and holds degrees in Water Purification Technology, Accounting Degree, and master's degree in business. Mark is a Certified Public Accountant, Certified Management Accountant, holds a class A license in Wastewater Treatment and an F-4 Water License.

UFS experience includes completion of rate studies in 43 states, including Michigan, Guam, several Caribbean Islands and Canada. This provides UFS with the experience and knowledge to provide creative solutions for RFED.

UFS is the industry leader in electric, water, and sewer studies. Our national experience is summarized below:

In Demand → UFS has completed numerous rate studies for electric, water, sewer, gas, telecommunications, and solid waste

Diverse → UFS is the preferred provider of rate services for municipalities, electric cooperatives, and members of Joint Action Agencies.

Innovative → UFS is leading the industry in development of Time of Use rates including variations of Variable Peak Pricing, Dynamic Pricing and Real Time Pricing.

Reliable → Our methodologies on establishing financial targets and cash reserve policies have become industry standards and have assisted utilities in improving bond ratings with Fitch, S&P and Moody's.

Supported → Our establishment of rates for customers located outside city limits have been accepted in State Courts and resulted in UFS becoming expert witnesses and arbitrators on rate disputes across the United States.

Experienced → UFS has provided electric, gas, water, wastewater, and telecommunications services to some of largest utilities in the country including Nashville TN, Knoxville TN, Sacramento Municipal Utility District CA, Rochester MN, Imperial Irrigation District CA, Austin TX, Huntsville AL, Columbia MO, and Lansing MI.

Knowledgeable → We are frequent speakers on special rate topics around the United States including APPA's National Conference, APPA's Educational Institutes, E&O Workshop, Legal Conferences, Business and Financial Workshop, numerous webinars topics and state conferences in over 15 states.

A sample of recent presentations are listed below:

- Development of Avoided Cost and Rate Designs for Distributed Generation
- Appropriate levels of Contributions to City (Payment in lieu of Tax)
- Information provided by Cost of Service Studies
- Cash Reserve Policies for Electric Utilities
- Development of Utility Extension Policies
- Development of Key Financial Targets
- Cost of Service Challenges and Solutions
- The Rate Race

Teachers → UFS personnel are the instructors on cost of service and financial planning courses offered through the American Public Power Association (APPA) and the National Association of Regulatory Utility Commissioners (NARUC), EUCI, and Southern Gas Association. UFS' industry leading status has resulted in courses on distributed generation to the US Department of Energy. These courses include the following:

- a. Basic Cost of Service
- b. Intermediate Cost of Service
- c. Advanced Cost of Service
- d. Financial Planning
- e. Utility Financial Check-up
- f. Cost of Service and Rate Design for Distributed Generation
- g. Development of Line Extension Policies
- h. Rate Structures to promote Energy Conservation
- i. Rate Structures to create Revenue Stability
- j. Advanced issues in Rate Design
- k. Advanced issues in Cost Allocations

UFS holds a commitment to the following:

- **Quality Control** - Proper quality control and management help ensure the accomplished work is in alignment with the project scope, is completed timely, within budget and the results are accurate and defensible. The quality controls developed by UFS are specific to utility rate studies and are based on our prior experience working with electric utilities.
- **Timeliness of Studies** - Part of the quality control includes the timely completion of the rate studies. UFS experience in completing studies provides us the ability to complete the studies as requested and discussed in the initial kick-off meeting.
- **Financial Strength** - UFS commenced business in 2001 and has the highest financial rating by Dunn and Bradstreet.
- **Independence** - UFS maintains its independence throughout its engagements to help ensure unbiased recommendations to the governing bodies. We do not provide services that could impair our independence such as engineering, accounting, or auditing services.
- **Diverse Staff Backgrounds** - Proper development of rate studies require knowledge in accounting, finance, economics, and engineering. UFS staff has diverse backgrounds that include degrees in accounting (CPA), engineering, finance, economics, information technology and degrees in Water Purification Technology.

Fee Proposal

Prices, terms, and conditions are good for a period of 90 days from this proposal date of February 10, 2023. Payment will be made through submission of invoice which itemizes the work performed. "Total not to exceed amount" does not include out of pocket travel expenses.

Electric cost of service, financial projection, and one-year rate design	\$24,500
<u>Additional services requested in RFP</u>	<u>6,500</u>
Total project fees for Scope of Services not to exceed	\$31,000*
<i>(*Total above does not include onsite meeting)</i>	

Out of Scope Services

Out of Scope services will be billed at the hourly rates listed below. Any out of pocket expenses will be billed at cost. All rate designs outside of the current rate structure will be charged hourly.

<u>Name</u>	<u>Title</u>	<u>Hourly Rate</u>
Mark Beauchamp	President	\$330.00
Dawn Lund	Vice President	\$290.00
Dan Kasbohm	Manager	\$255.00
Mike Johnson	Manager	\$255.00
Chris Lund	Business and Technology Manager	\$255.00
Jillian Jurczyk	Financial Analyst	\$175.00
Joan Bakenhus	Senior Financial Analyst	\$155.00
Robert Blank	Financial Analyst	\$120.00

In addition, travel time will be billed at 50% off regular rates.

UFS Proposed Professional Services Agreement

Prices, terms, and conditions are good for a period of 90 days from this proposal date of February 10, 2023. Payment will be made through submission of invoice which itemizes the work performed.

Scope of work

Electric cost of service, financial projection, and one-year rate design **\$24,500**

- 5-year financial projection
- Cost of service and unbundling
- 1 year rate design of current published rates for FY2024
- Virtual presentation to management and staff
- Power point presentation summary & final executive summary report

Additional services requested in RFP

- Calculate fees for Service drop removal & disconnect/reconnect of services **\$ 2,500**
- Provide COS model and 4 hour virtual training on use of model **\$ 4,000**
- Review and comment of current rate tariff text is included in COS analysis^[1]
- Review current co-incidental demand rate tariff text is included in COS analysis^[1]
- Recommendation on current rate class definitions is included in COS analysis^[1]
- Recommend approach for time-of-use rate structure is included in COS analysis^[1]

Note [1]: (any detailed analysis requested can be done on an hourly basis at hourly rates listed below)

Anticipated Meetings:

- Project kickoff – Online platform
- Data collection summary – Online platform
- Financial review summary – Online platform
- Draft report to management – Online platform
- Final report to management – Online platform

Deliverables in pdf format:

- 1) Long-term financial projection and rate track
- 2) Cost of service analysis and report
- 3) Minimum cash reserve determination
- 4) Debt service ratio
- 5) Target operating income (rate of return)
- 6) One-year rate design & revenue proof
- 7) Optional services as requested

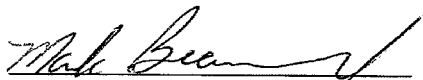
Hourly Rates (travel is discounted at 50%)

Mark Beauchamp	\$ 330.00
Dawn Lund	\$ 290.00
Dan Kasbohm	\$ 255.00
Mike Johnson	\$ 255.00
Chris Lund	\$ 255.00
Joan Bakenhus	\$ 155.00
Jillian Jurczyk	\$ 175.00
Robert Blank	\$ 120.00

Any additional out of scope items and work hours will be billed at the hourly rates listed above.

We look forward to exceeding your expectations. Please sign, date, and return to clund@ufswb.com at your earliest convenience.

Sincerely,



Mark Beauchamp, CPA, MBA, CMA
President, Utility Financial Solutions, LLC

Date: _____

Accepted By: _____
Rock Falls Electric Department