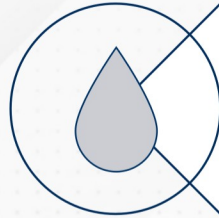


# City of South Beloit Sewer Rate Study

Rate Study Analysis Results

June 16, 2025

# Why We're Here



Ensure fair and stable sewer rates  
for residents and businesses



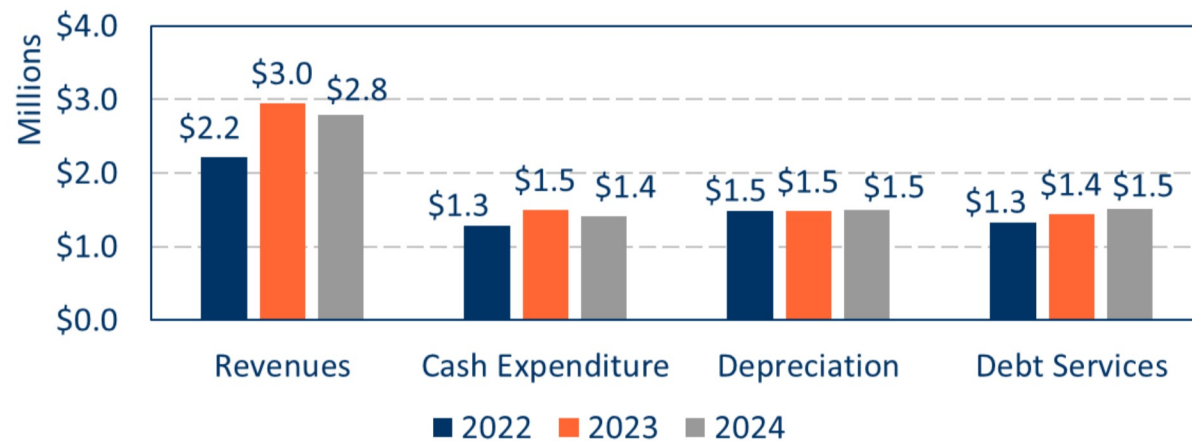
Prepare for future costs and  
infrastructure upgrades



Close funding gaps threatening  
service reliability

# What's Happening Now

- » Revenue dropped significantly after the loss of a major industrial customer
- » Annual costs are higher than incoming revenue
- » Utility is operating in a deficit: up to \$600,000 per year

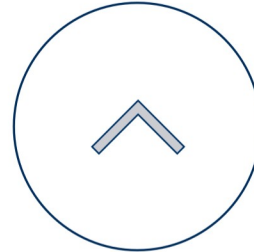


# What's Coming Up

» Needed to meet regulations and improve reliability



Class A Biosolids  
Upgrade: \$3.7M



Lift Station  
Improvement:  
\$7.7M





# IEPA Criteria for Fiscal Sustainability

*Revenue  $\geq$  120% of Expenses + Depreciation*

*Revenue  $\geq$  150% of Expenses*

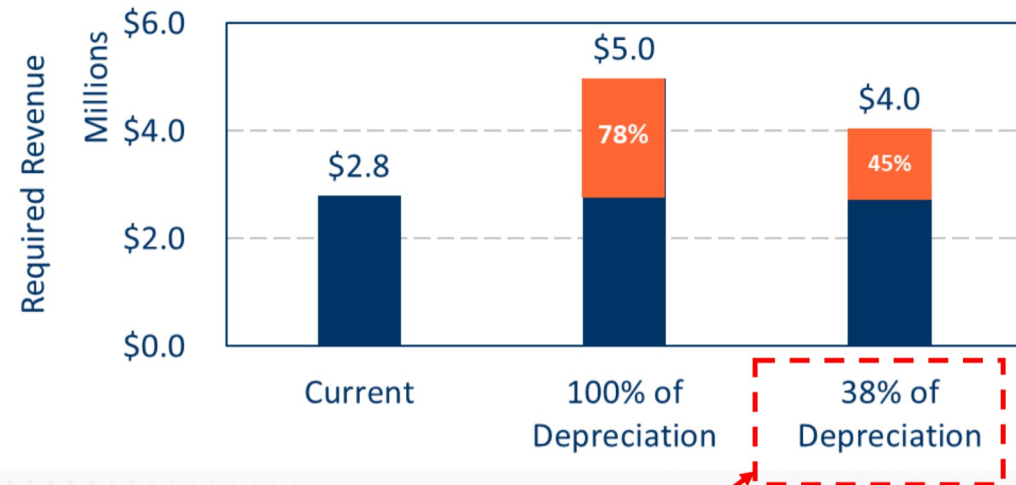
*Revenue  $\geq$  125% of (Revenue – Expenses)/Debt Service*

» Minimum Required Revenue = \$3.98M

# How Much Is Needed

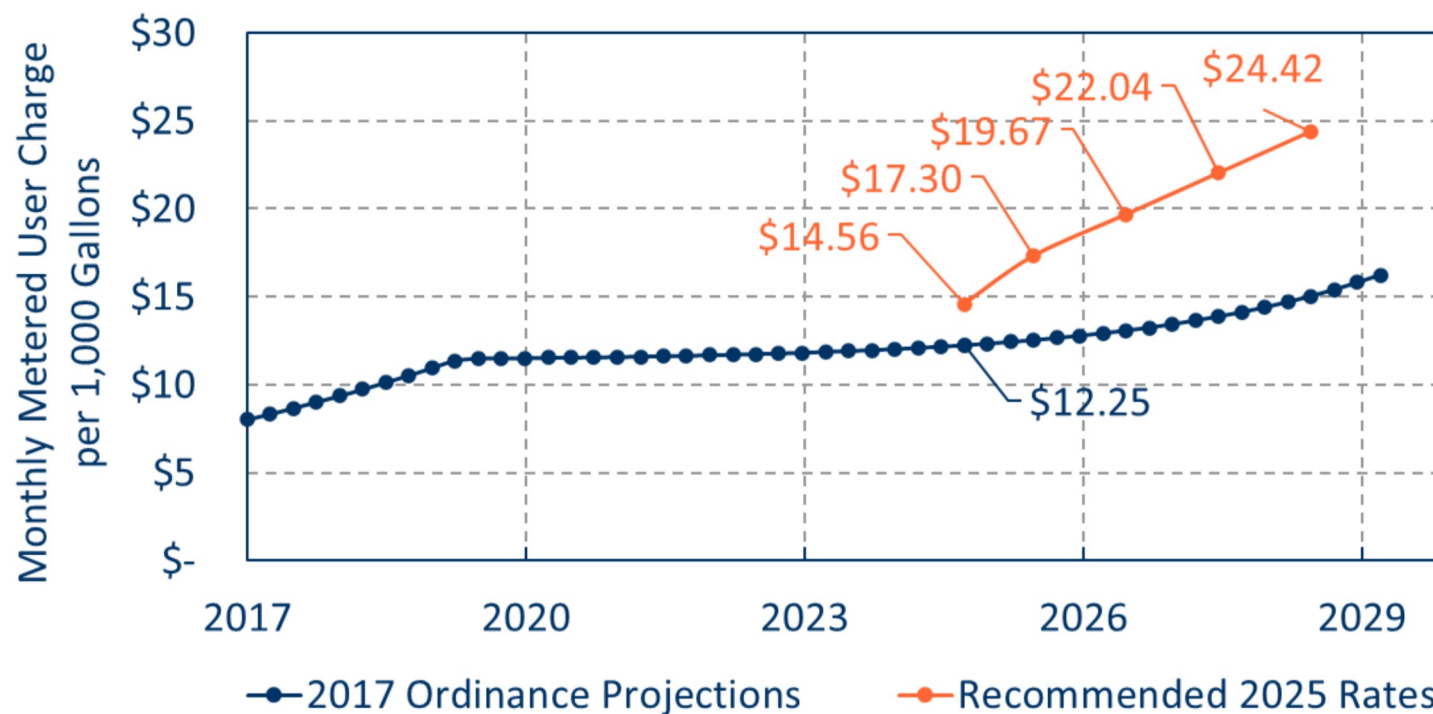
## » Three scenarios:

- Current
- Full Depreciation
- 38% Depreciation

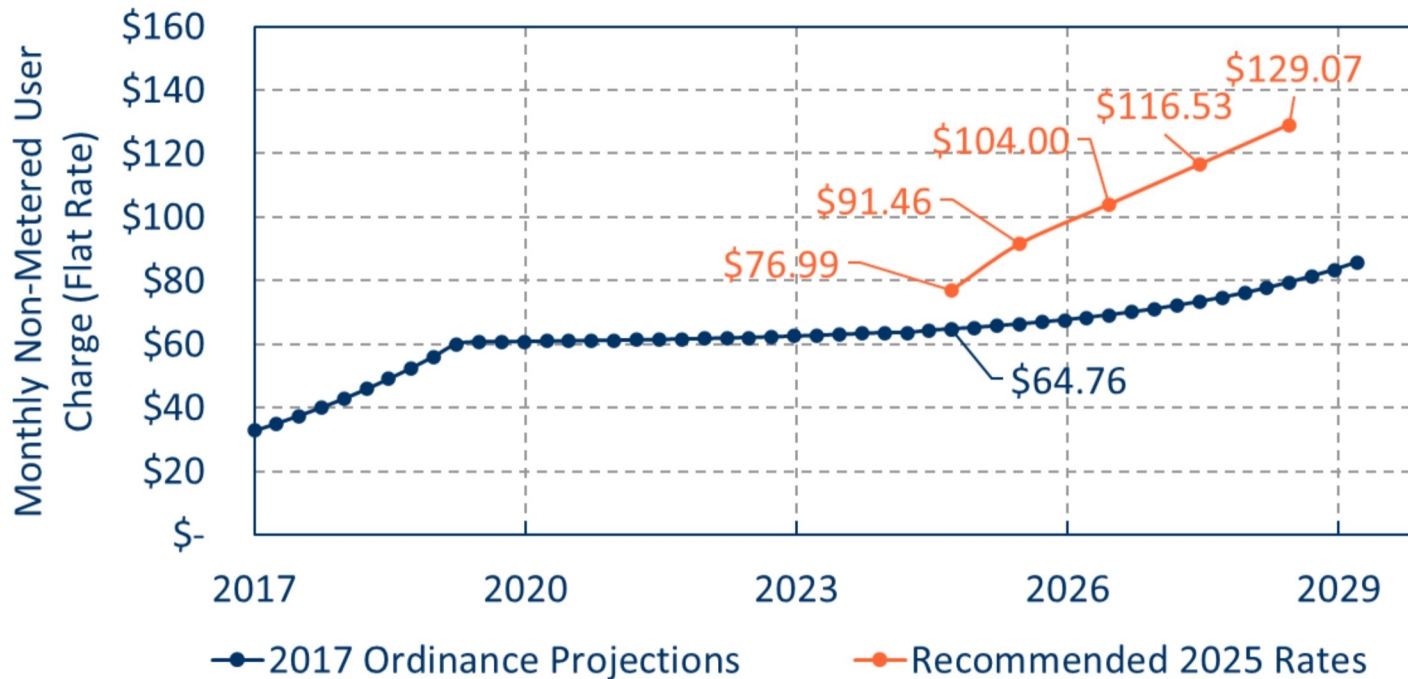


Selected Scenario → 45%  
Increase from Current  
Revenue

# 2025 Recommended Rate Change (Metered Users)

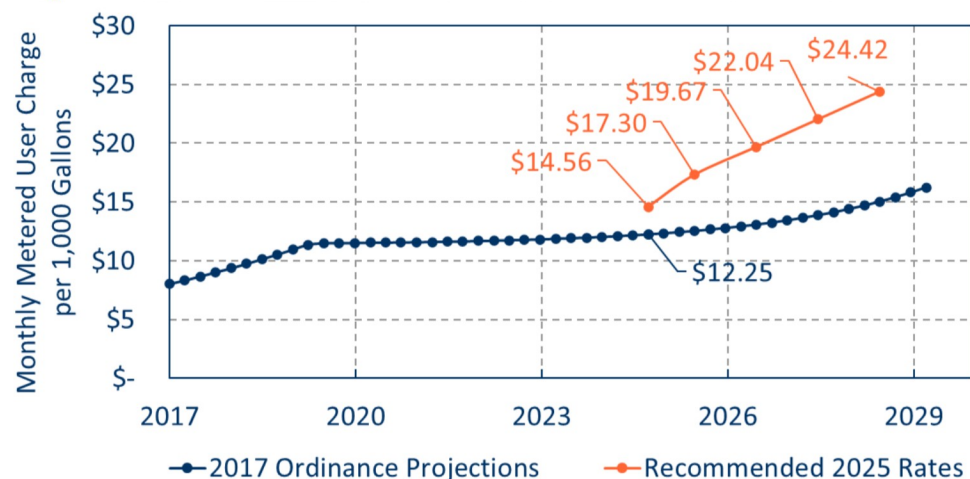


# 2025 Recommended Rate Change (Non-Metered Users)

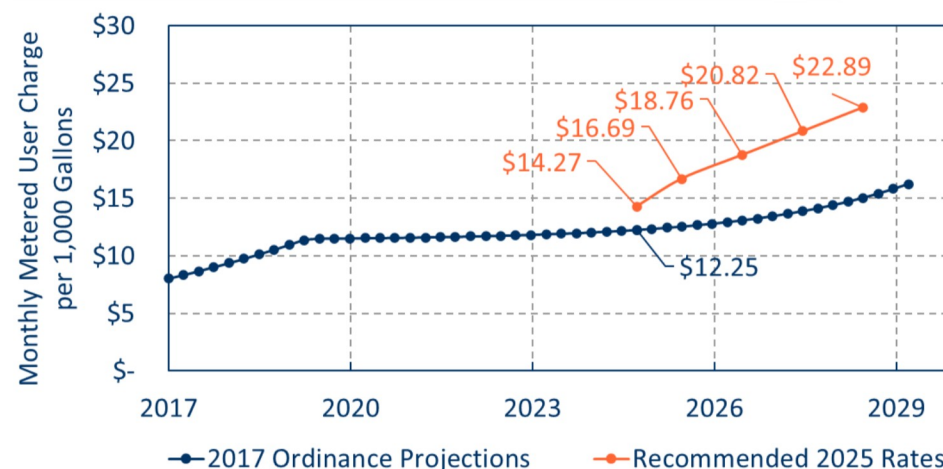




# 2025 Recommended Rate Change (Metered Users)



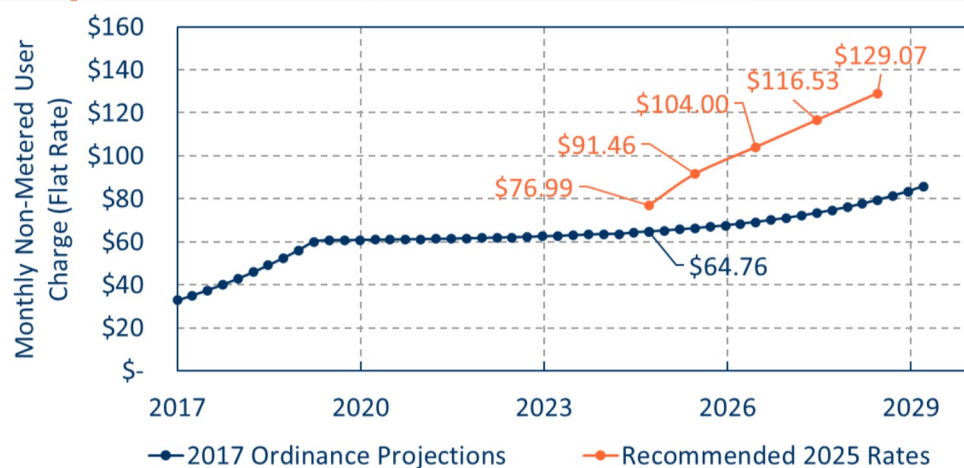
With Class A Biosolids Upgrade



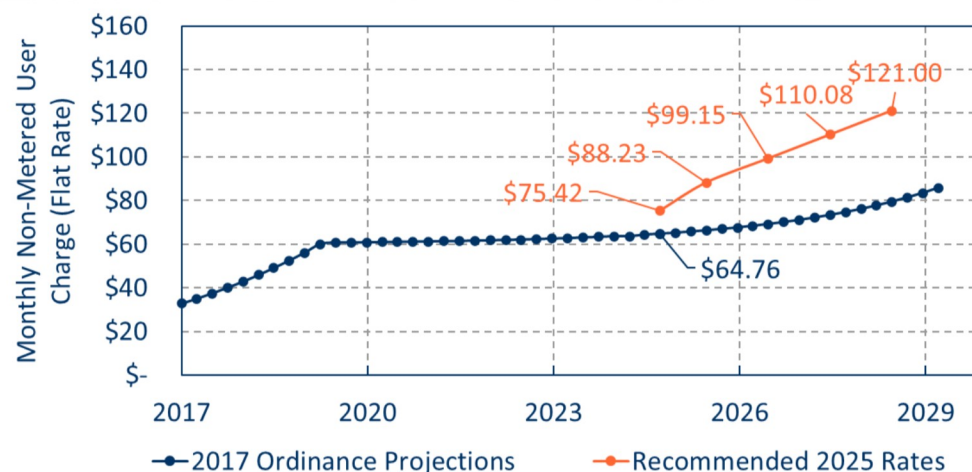
Without Class A Biosolids Upgrade



# 2025 Recommended Rate Change (Non-Metered Users)

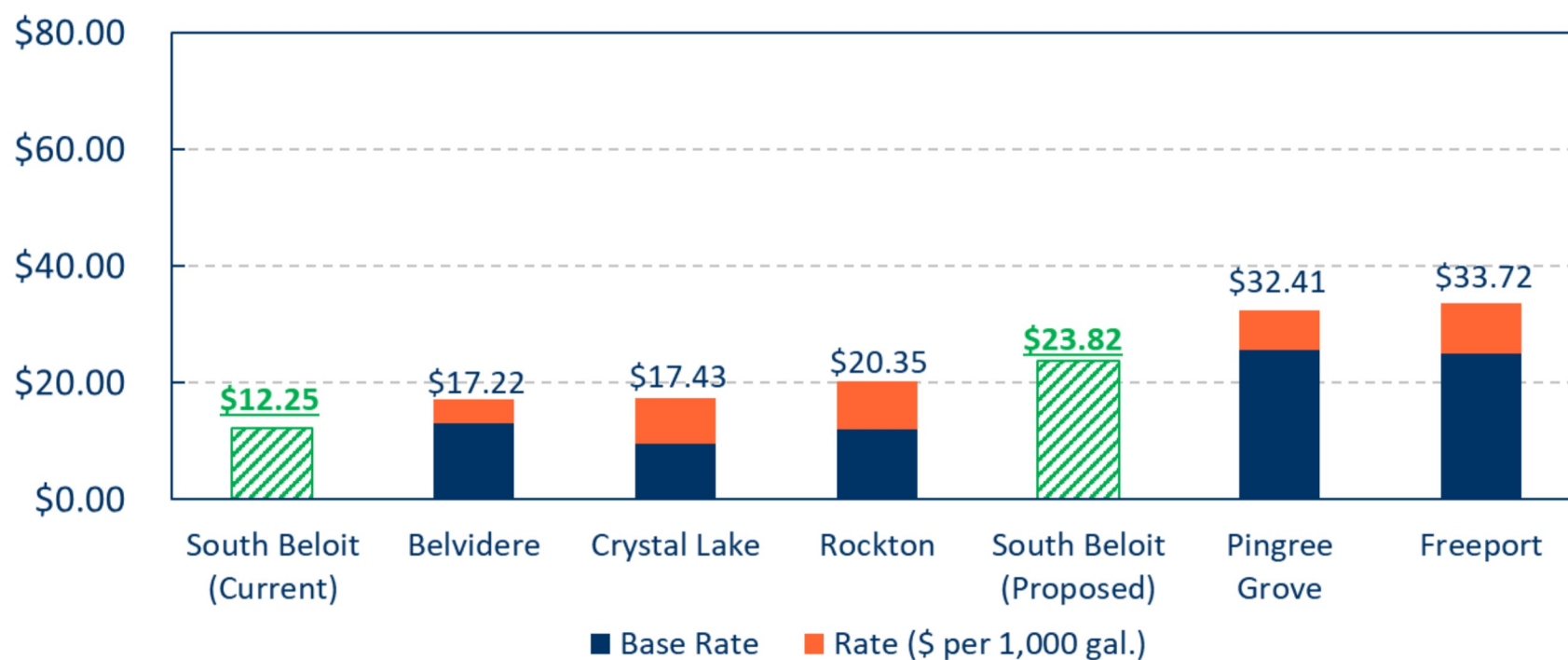


With Class A Biosolids Upgrade



Without Class A Biosolids Upgrade

# Comparison to Other Communities



# Next Steps

- » Review and approve the revised ordinance
- » Update billing system accordingly
- » Notify residents and explain changes
- » Monitor the system and adjust if necessary.



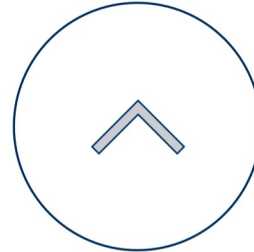
# Questions?

# What's Coming Up

» Needed to meet regulations and improve reliability



~~Class A Biosolids  
Upgrade: \$3.7M~~



Lift Station  
Improvement:  
\$7.7M





# IEPA Criteria for Fiscal Sustainability

*Revenue  $\geq$  120% of Expenses + Depreciation*

*Revenue  $\geq$  150% of Expenses*

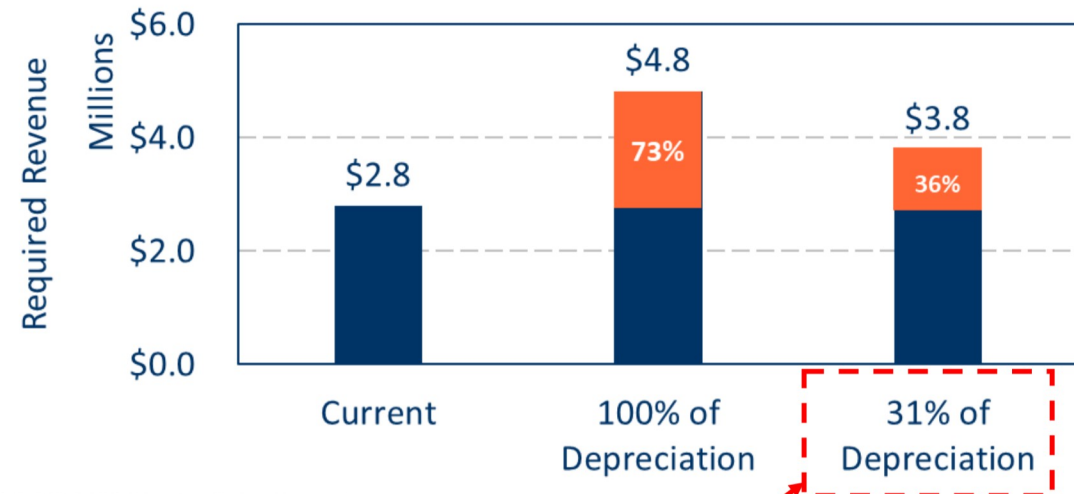
*Revenue  $\geq$  125% of (Revenue – Expenses)/Debt Service*

» Minimum Required Revenue = \$3.79M

# How Much Is Needed

## » Three scenarios:

- Current
- Full Depreciation
- 31% Depreciation



Selected Scenario → 36%  
Increase from Current  
Revenue



## **SOUTH BELOIT** PUBLIC WORKS **Sewer liftstation #1**

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### **Past Events at Lift station #1**

On August 14, 2019, We started to experience a lack of flow pumping out of lift station #1. Through the night we started to have more problems with the pumps keeping up. By Tuesday afternoon we were starting to haul wastewater with our jetter truck from the west side of town to the sewer plant. We had to haul a load every two hours. In the meantime, we flooded the lift station dry pit damaging both pumps. We removed each pump for repairs and noted that the pumps were working but we had no flow. We then found that we had no flow through the line running under the river. By Thursday we had a company hauling some of the wastewater for us as we were all worn out. We found that all of the air-relief pits were filled with sediment including the manhole the resides on one of the Islands in the Rock River. On Thursday a contractor suggested that we could back flush the force main under the river to see if we could push flow back. I had the contractor build a way to force water back through the force main. On Saturday we made an attempt to back flush the main and after 15 minutes, many large rocks and pavement pieces that had caused the blockage at the time were pushed out.

After all the problems and some research into Lift Station #1, we found that the force main was past it life expectancy. We had several air relief vaults in the flood zone of the river, and they have never been cared for and cannot access.

### **Current Lift Station #1**

Since that week we have been on borrowed time. We have not had any problems with Lift Station #1. We investigated hiring a contractor to complete a force main inspection, but we could not prepare for the sight due to high water over the next year. We decided to spend the cost of inspection on looking at a new lift station.

Wastewater Superintendent

[REDACTED]

Talking Points handed out on 7/21/2025 in Public Meeting:

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- *What's the Challenge?*
  - *The City lost a major industrial sewer customer, creating a \$600,000/year shortfall in sewer revenue.*
  - *Our sewer system is operating at a deficit, which means that current bills don't cover the essential costs needed to keep the system running safely.*
- *What Needs to Be Upgraded?*
  - *Lift Station Improvements (\$7.7 million):*
    - *These aging pumps are crucial for safely moving wastewater. Without upgrades, we risk backups into homes, overflows into the environment, and costly emergency repairs.*
  - *Class A Biosolids Upgrade (\$3.7 million):*
    - *Investing in Class A treatment can improve how we handle sewage sludge, helping reduce future disposal costs and supporting more sustainable practices that current bills don't cover.*
- *Why Are Rate Increases Needed?*
  - *To maintain a reliable sewer system and prevent emergencies, we require \$3.8–\$3.98 million per year in revenue.*
  - *The Illinois EPA requires municipalities to show they can sustainably fund operations and maintenance.*
- *How Will Rates Change?*
  - *A 36% increase in revenue if the City proceeds without the Class A upgrade.*
  - *A 45% increase in revenue if the City includes the Class A upgrade.*
  - *Planning these increases now avoids bigger, sudden spikes later if emergencies occur.*

- *Why This Matters to You:*
  - *Acting now prevents expensive, unplanned repairs that could lead to even higher bills.*
  - *These improvements protect your home, safeguard our waterways, and maintain a dependable sewer system.*
- *We understand concerns about rising costs. We're committed to being transparent, answering your questions, and working together to maintain strong and fair sewer service for everyone in South Beloit.*

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Sonya Hoppes

City Administrator

City of South Beloit