

# LEGAL NOTICE

RE: GARY SANITARY DISTRICT - REGULAR MEETING

Tuesday, March 11, 2008 @ 6:00PM

## MEETING LOCATION

Gary Sanitary District, 3600 W. 3rd Avenue, Gary, IN 46406  
Administration Building, Executive Board Room

Pursuant to Indiana Code §5-14-1.5-6.1 et. seq. an *Executive Session will be scheduled for 4:00 PM No Official Actions Will Be Taken.* The purpose of the *Executive Session* will be to:

1. Discuss strategy with respect to:
  - A. \_\_\_\_\_ Collective Bargaining
  - B.     X     The initiation of litigation, pending litigation, or written notice of threatened litigation.
  - C.     X     Implementation of security systems.
  - D. \_\_\_\_\_ The purchase or lease of real property by the governing body up to the time a contract, or option to purchase or lease is executed by the parties.
2. \_\_\_\_\_ To receive information about and interview prospective employees.
3. \_\_\_\_\_ Receive information concerning the individual's alleged misconduct.
4. \_\_\_\_\_ Discuss records classified as confidential by State or federal statute.
5. \_\_\_\_\_ Discuss job performance evaluation of individual employees, excluding salary, compensation, or benefits of employees during the budget process.

### **BOARD OF COMMISSIONERS**

Richard Comer, President  
Charles W. Jackson, Jr., Vice President  
Cynthia Watts, Secretary  
Harlee Currie, Member  
Emmett Sellers, Member

### **POSTED:**

City Hall, 401 Broadway, Gary, IN 46402  
Gary Sanitary District, 839 Broadway, Gary, IN 46402  
Gary Sanitary District, 3600 West 3<sup>rd</sup> Avenue, Gary, IN 46406  
Lake County Superior Court Building, 400 Broadway, Gary IN 46402  
Post Tribune Merrillville, IN 46410  
The Times Newspaper, 601 45<sup>th</sup> Avenue, Munster, IN 46321

**GARY SANITARY DISTRICT  
RESOLUTION NO. SD08-05**

**A RESOLUTION AMENDING AND FIXING  
THE SCHEDULE OF SEWER RATES AND CHARGES TO BE  
COLLECTED BY THE GARY SANITARY DISTRICT FROM THE OWNERS  
OF PROPERTY SERVED BY THE SEWAGE WORKS OF THE DISTRICT**

WHEREAS, the Board of Sanitary Commissioners ("Board") has heretofore fixed and established sewer charges and surcharges to be collected by the Gary Sanitary District ("District") from the owners of property served by the District's sewage works pursuant to a Modified Consent Decree and Judgment 2002, dated as of May 12, 2003 ("Consent Decree") between and among the City of Gary ("City"), the District, the United States of America, and the Indiana Department of Environmental Management, as successor to the Indiana Stream Pollution Control Board; and

WHEREAS, the Consent Decree established the position of Special Administrator for the purpose of bringing the District's waste water treatment system in compliance with the Consent Decree, the District's National Pollutant Discharge Elimination System ("NPDES") permit and the Clean Water Act; and

WHEREAS, the Consent Decree provides that the Special Administrator shall have full power and authority to control, manage and operate the entire waste water treatment system; and

WHEREAS, the Consent Decree required the City to provide funding sufficient to meet the requirements of the Consent Decree, the NPDES permit and its successors, and the Clean Water Act, and granted the Special Administrator the power and authority to increase sewer rates and charges as needed to provide adequate funding to insure the proper operation, maintenance and equipment replacement needs of the District and its waste water treatment plan and compliance with the Consent Decree, the NPDES permit and the Clean Water Act; and

WHEREAS, the Mayor of the City is the current Special Administrator; and

WHEREAS, the Special Administrator has previously established the District's sewage rates and charges in accordance with the Consent Decree; and

WHEREAS, the existing rates and charges are set forth in Executive Order No. 00-1 adopted October 2, 2000, and Resolution No. 00-58 as previously adopted by the Board (collectively, "Rate Resolution"); and

WHEREAS, the District has caused a financial study of the District's sewage works to be made by its financial advisor, Cender & Company, L.L.C.; and

WHEREAS, based upon the advice of the financial advisor, the Board finds that it is necessary to increase the rates and charges of the sewage works to provide sufficient monies to pay operating expenses, replacements and improvements and debt service on the Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SANITARY COMMISSIONERS OF THE GARY SANITARY DISTRICT:

Section 1. The rates and charges of the Gary Sanitary District are as follows:

<u>USER CLASSIFICATION</u>	<u>RATE - PER MONTH</u>
City of Gary	\$5.42 per 1,000 gallons of metered water of waste discharge for operation, maintenance and replacement.
	\$1.08 per 1,000 gallons of metered water of waste discharge for capital costs.
Unmetered Rate - Average Usage 6,000 gallons per month	\$39.00
<u>Excess Strength Surcharge Rates per Pound of the Following Constituents</u>	
CBOD for concentrations greater than 170 mg/l	\$0.12
Suspended solids for concentrations greater than 200 mg/l	\$0.31
Ammonia for concentrations greater than 25 mg/l	\$0.13
Phosphorus for concentrations greater than 7 mg/l	\$1.65
<u>Industrial Surveillance Charges</u>	
Surveillance Charge per test/sample	\$350.00
Application Fees	\$50.00
Permit Fee	\$500.00
Permit Renewal Fee	\$300.00
<u>Outside Subscribers</u> -Hobart Sanitary District, Lake Station Sanitary District and Merrillville Conservancy District	Per negotiated contract

Section 2. In all other respects, the Rate Resolution shall remain in full force and effect.

Section 3. This resolution shall be in full force and effect from and after its passage.

Passed and adopted by the Board of Sanitary Commissioners of the Gary Sanitary District this \_\_\_\_ day of \_\_\_\_\_, 2008.

BOARD OF SANITARY COMMISSIONERS  
OF THE GARY SANITARY DISTRICT

\_\_\_\_\_  
Mayor/Special Administrator

\_\_\_\_\_  
President

\_\_\_\_\_  
Director

\_\_\_\_\_  
Vice President

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

**NOTICE OF A HEARING ON  
PROPOSED RATES AND CHARGES  
OF THE GARY SANITARY DISTRICT**

Property owners, ratepayers and other interested parties in or served or to be served by the Gary Sanitary District ("District") are hereby notified that a resolution ("Rate Resolution") establishing rates and charges for services to be rendered by the District's sewage works, was introduced at a meeting of the Board of Sanitary Commissioners ("Board") held on March 11, 2008. At a meeting of the Board to be held at 6:00 p.m. (local time), on March 11, 2008, in the offices of the Gary Sanitary District, 3600 West 3<sup>rd</sup> Avenue, in the City of Gary, there will be a public hearing on the matter of the rates and charges, and consideration of adoption of said Rate Resolution. The schedule of proposed rates and charges are as follows:

Schedule of Proposed User Charges  
and Other Charges

	<u>Proposed Rates</u>
Operation Maintenance & Replacement Charges per 1,000 gallons	\$ 5.42
Local Capital Charges per 1,000 gallons	<u>1.08</u>
Total User Charges per 1,000 gallons	<u>\$ 6.50</u>
Unmetered Rate - Average Usage 6,000 gallons per month	<u>\$ 39.00</u>

<b>Excess Strength Surcharge Rates Rates per Pound of the Following Constituents</b>	<u>Proposed Rates</u>
CBOD for concentrations greater than 170 mg/l	\$ .12
Suspended Solids for concentrations greater than 200 mg/l	\$ .31
Ammonia for concentrations greater than 25 mg/l	\$ .13
Phosphorous for concentrations greater than 7 mg/l	\$ 1.65
Surveillance Charge per test (sample)	\$ 350.00
Application Fees	\$ 50.00
Permit Fee	\$ 500.00
Permit Renewal Fee	\$ 300.00

Note: User charge rates for contract customers are negotiated in separate contracts.

At such hearing and prior to final adoption of said resolution all interested parties may appear and be heard. A copy of the Rate Resolution may be examined at the office of the Secretary of the Board.

Dated this 12<sup>th</sup> day of February, 2008.

BOARD OF SANITARY COMMISSIONERS OF  
THE GARY SANITARY DISTRICT

/s/ Secretary, Board of Sanitary Commissioners

**GARY SANITARY DISTRICT**  
Gary, Indiana

**SEWER RATE REPORT**

February 7, 2008

*Cender & Company*  
L.L.C.

8585 Broadway, Suite 777 • Merrillville, IN 46410  
Phone: 219•736•1800 Fax: 219•736•8465

**GARY SANITARY DISTRICT**  
Gary, Indiana

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**GARY SANITARY DISTRICT**  
Gary, Indiana

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**GARY SANITARY DISTRICT**  
Gary, Indiana

**INTRODUCTION**

Pursuant to our engagement by the Board of Commissioners of the Gary Sanitary District (District), we have made a study and analysis of the operating and financial reports, budgets and other data pertaining to the District. The results of our analysis are contained in the attached Sewer Rate Report (Report).

The purpose of this study is to determine whether the operating revenues are sufficient to meet the revenue requirements of operations and maintenance, replacements, debt service and make capital improvements for the District.

This Report is based on data for the twelve months ended December 31, 2006. The historical information used in the Report was taken from the books and records of the District, adjusted as necessary for fixed, known, measurable items and the District's 2008 operating budget.

Based on the information contained in the Report, it is recommended that the District consider a 85.7% increase in its rates and charges to provide for its on-going revenue requirements and to permit annual funding of debt service on the proposed \$33,000,000 Sewage Works Revenue Bonds for capital improvement projects. The District has updated its priority of capital improvement projects as presented in Schedule E-7 and E-8, which is still subject to review and change. In addition, this Report has not considered any funding for the Ralston Street Lagoon remediation or other projects related to its long-term control plans.

This Report has also estimated proposed amounts for its outside contractor, White River Environmental Partnership (WREP) for plant operations, maintenance and operations of the sewer collection system. The current operating contract with WREP expires May 31, 2008. As of the date of this Report, a new contract has not been finalized. Final terms and costs to a contract for plant operations, maintenance and operation of the sewer collection system if higher than the estimated amounts projected in this Report may require the District to increase its sewer rates above these proposed amounts.

This Report also assumes the District will complete sanitary sewers in the Black Oak Area for costs that totals approximately \$1,300,000 and finalizes its financing for these improvements through its existing Sewage Works Revenue Bonds of 2000 through the State Revolving Loan Fund Program by December 31, 2008. The State of Indiana has tentatively approved these sanitary improvements and will allow the District to re-amortize its Sewage Works Revenue Bonds of 2000 and reduce its annual principal and interest payments from approximately \$1,662,000 to \$880,000 (see Schedule E-3). If the District does not complete its financing and re-amortizes the remaining bonds outstanding with the State of Indiana, the result will require the District to increase its annual debt service requirements to the original annual amounts and increase user charge rates above the amounts presented herein.

In the course of preparing this Report, we have not conducted an audit of any financial or supplemental data used in the accompanying exhibits and schedules. We have made certain projections of revenues and expenses, based on management's representations and estimates, which may vary from actual results and such variances, may be material.

**GARY SANITARY DISTRICT**  
Gary, Indiana

Comparative Receipts and Disbursements Statement  
for the Twelve Months Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<u>Operating Receipts</u>		
Customer Sales	\$ 14,992,650	\$ 20,029,510 (1)
Surveillance Charges	116,925	116,325
Excess Strength Surcharges	97,763	119,600
Dumping Coupons	47,250	48,600
Tap-on Fees	29,850	47,725
Interest Income	67,144	12,216
Miscellaneous Income	587,426	629,777
Total Operating Receipts	<u>15,939,008</u>	<u>21,003,753</u>
<u>Operating Expenses</u>		
<u>Sewer Collection Operations and Maintenance (2)</u>		
Salaries and Wages	1,033,321	805,715
Fringe Benefits	375,710	329,320
Materials and Supplies	176,329	209,123
Purchased Power	124,892	143,288
Repairs and Maintenance	3,480,658	3,297,994
Professional Services	73,492	23,316
Telephone and Postage	10,384	15,775
Water	5,870	10,177
Uniform Rental	20,069	8,778
Other Expenses	45,614	73,501
Replacement Costs	268,040	166,716
Other Capital Costs	-	-
Total Sewer Collection Operations and Maintenance	<u>5,614,379</u>	<u>5,083,703</u>

**GARY SANITARY DISTRICT**  
Gary, Indiana

Comparative Receipts and Disbursements Statement  
for the Twelve Months Ended December 31, 2006 and 2005

<u>Operating Expenses</u> (continued)	<u>2006</u>	<u>2005</u>
<u>Plant Operations and Maintenance</u> (2)		
Salaries and Wages	\$ 2,532,761	\$ 1,975,614
Fringe Benefits	920,899	807,493
Materials and Supplies	347,949	212,204
Chemicals	531,828	509,848
Purchased Power	1,137,311	1,192,215
Sludge Hauling	925,424	959,646
Repairs and Maintenance	549,038	1,470,866
Professional Services	326,630	104,272
Contractual Services	251,710	714,235
Telephone and Postage	54,842	38,318
Insurance	198,322	101,111
Water	35,609	47,320
Uniform Rental	32,614	18,353
Travel	21,428	32,328
Other Expenses	166,680	98,528
Replacement Costs	1,149,274	1,078,651
Other Capital Costs	-	-
Total Plant Operations and Maintenance	9,182,319	9,361,002
<u>Pretreatment Facilities</u> (2)		
Salaries and Wages	445,259	441,532
Fringe Benefits	161,894	180,467
Materials and Supplies	181,442	86,491
Repairs and Maintenance	3,539	5,001
Professional Services	8,166	1,943
Telephone and Postage	1,140	4,168
Uniform Rental	-	4,788
Other Expenses	11,623	14,730
Total Pretreatment Facilities	813,063	739,120

**GARY SANITARY DISTRICT**  
Gary, Indiana

Comparative Receipts and Disbursements Statement  
for the Twelve Months Ended December 31, 2006 and 2005

<u>Operating Expenses</u> (continued)	<u>2006</u>	<u>2005</u>
<u>Customer Accounts</u>		
Salaries and Wages	\$ 406,224	\$ 340,867
Fringe Benefits	172,512	145,715
Materials and Supplies	10,730	11,310
Repairs and Maintenance	-	-
Contractual Services	129,638	94,219
Telephone and Postage	10,490	7,081
Travel	-	426
Leases	30,451	31,648
Other Expenses	38,293	9,936
Other Capital Costs	-	22,518
Total Customer Accounts	798,338	663,720
<u>Administrative and General</u>		
Salaries and Wages	794,759	719,186
Fringe Benefits	274,707	244,276
Materials and Supplies	22,997	51,579
Repairs and Maintenance	479	636
Professional Services	888,679	1,020,288
Contractual Services	750,774	681,235
Insurance	235,748	317,353
Telephone and Postage	120,867	97,704
Leases	16,560	16,552
Other Expenses	305,025	297,394
Other Capital Costs	18,907	105,453
Total Administrative and General	3,429,502	3,551,656
Total Operating Expenses	19,837,601	19,399,201
Net Receipts	\$ (3,898,593)	\$ 1,604,552

- (1) Includes settlement payment of \$4,807,252 from the City of Lake Station.  
(2) Allocation of expenses to individual categories for plant operations and maintenance and pretreatment facilities was made by White River Environmental Partnership (the District's contract operator).

Note: The above information is unaudited and unadjusted from Gary Sanitary District's books and records.

## GARY SANITARY DISTRICT

Gary, Indiana

Schedule of Cash and Investment Balances  
as of December 31, 2006 and 2005

<u>Cash</u>	<u>Fund</u>	<u>2006</u>	<u>2005</u>
General Operating		\$ 3,672,086	\$ 5,696,020
Sewer Operating		5,305,905	1,776,339
Solid Waste Disposal		2,909,695	3,190,349
Sewer Construction		1,999,141	2,832,465
Equipment Replacement		222,494	2,963,034
Economic Development		155,093	101,397
Capital Improvement		49,766	69,735
Bond Sinking		2,117,506	3,522,222
Bond and Interest		1,803,751	1,577,866
Debt Service Reserve		1,712,606	1,660,463
Grand Calumet Sedimentation		3,216,858	82,675
Headworks		73,165	47,729
Grants		268,607	268,031
Donations		-	47
Levy Excess		<u>2,274,773</u>	<u>2,274,773</u>
Total Cash		<u>25,781,446</u>	<u>26,063,143</u>
 <u>Investments</u>			
General Operating		-	449,885
Sewer Operating		-	415,710
Solid Waste Disposal		-	25,108
Sewer Construction		-	2,028,712
Equipment Replacement		-	1,547,444
Economic Development		-	51,398
Capital Improvement		-	1,439,144
Bond and Interest		-	51,398
Grand Calumet Sedimentation		-	2,994,131
Headworks		-	25,699
Total Investments		<u>-</u>	<u>9,028,630</u>
 Total		 <u>\$ 25,781,446</u>	 <u>\$ 35,091,773</u>

(1) Outstanding interfund loans due to District as of January 7, 2008 and summarized as follows:

- City of Gary General Fund owes District general operating (fund 670) \$2,000,000.
- City of Gary General Fund owes District equipment replacement (fund 435) \$8,997,127.
- City of Gary General Fund owes District capital improvement (fund 670) \$1,500,000.

## Summary of District's Interfund Loans:

- General operating (670) owes sewer construction (433) \$120,000.
- General operating (670) owes solid waste (672) \$2,025,000.
- General operating (670) owes storm water management (677) \$320,000.
- Sewer operating (671) owes general operating (670) \$740,000.
- Sewer operating (671) owes solid waste (670) \$300,000.
- Sewer operating (671) owes storm water management (677) \$200,000.
- Equipment replacement (435) owes sewer construction (433) \$800,000.
- Equipment replacement (435) owes general operating (670) \$1,150,000.
- Equipment replacement (435) owes sewer operating (671) \$1,700,000.

Note: The above information is unaudited and unadjusted from Gary Sanitary District's books and records.

**GARY SANITARY DISTRICT**  
Gary, Indiana

Schedule of Estimated Number of Customers and Customer Flow  
for the Twelve Months Ended December 31, 2006 and 2005

<u>User Class</u>	12/31/06 Estimated Number of <u>Customers</u>	12/31/06 Gallons Billed <u>(000's)</u>	12/31/05 Gallons Billed <u>(000's)</u>	12/31/06 Percentage of Billed <u>Flow</u>
Residential	30,294	1,497,252	1,666,337	19.59%
Commercial	2,409	695,938	731,377	9.11%
Industrial	28	939,362	970,020	12.29%
Institutional/Governmental	180	197,413	274,930	2.58%
Unmetered (1)	654	185,216	208,809	2.42%
Subtotal	<u>33,565</u>	<u>3,515,181</u>	<u>3,851,473</u>	<u>45.99%</u>
Intermunicipals	<u>3</u>	<u>4,127,982</u>	<u>3,317,220</u>	<u>54.01%</u>
Total	<u><u>33,568</u></u>	<u><u>7,643,163</u></u>	<u><u>7,168,693</u></u>	<u><u>100.00%</u></u>

(1) Estimated flow for unmetered customers including Gary Housing Authority and well water customers.

**GARY SANITARY DISTRICT**  
Gary, Indiana

Schedule of Total Budgeted Expenditures  
Allocated to Individual Categories

	<u>2008</u> <u>Budget</u>
<u>Sewer Collection Operations and Maintenance (1)</u>	
Salaries and Wages	\$ 1,103,338
Fringe Benefits	401,168
Materials and Supplies	188,277
Purchased Power	156,836
Repairs and Maintenance	1,311,758
Professional Services	78,471
Telephone and Postage	11,087
Water	6,268
Uniform Rental	21,429
Other Expenses	32,727
Replacement Reserve	280,112
Total Sewer Collection Operations and Maintenance	3,591,471
 <u>Plant Operations and Maintenance (1)</u>	
Salaries and Wages	2,704,376
Fringe Benefits	983,297
Materials and Supplies	371,525
Chemicals	567,864
Purchased Power	1,214,373
Sludge Hauling	676,265
Repairs and Maintenance	515,519
Professional Services	348,762
Contractual Services	268,765
Telephone and Postage	64,820
Insurance	211,760
Water	38,021
Uniform Rental	34,824
Travel	22,880
Other	242,435
Replacement Reserve	1,219,888
Total Plant Operations and Maintenance	9,485,374

**GARY SANITARY DISTRICT**  
Gary, Indiana

Schedule of Total Budgeted Expenditures  
Allocated to Individual Categories

	<u>2008</u> <u>Budget</u>
<u>Pretreatment Facilities (1)</u>	
Salaries and Wages	\$ 475,429
Fringe Benefits	172,863
Materials and Supplies	193,736
Purchased Power	4,327
Repairs and Maintenance	3,779
Professional Services	8,719
Telephone and Postage	1,217
Water	1,646
Uniform Rental	-
Other Expenses	6,439
Replacement Costs	-
Other Capital Costs	-
Total Pretreatment Facilities	868,155
 <u>Customer Accounts</u>	
Salaries and Wages	572,657
Fringe Benefits	200,459
Materials and Supplies	14,000
Contractual Services	143,000
Telephone and Postage	11,000
Travel	1,000
Leases	30,000
Other Expenses	41,000
Other Capital Costs	6,000
Total Customer Accounts	1,019,116

**GARY SANITARY DISTRICT**  
Gary, Indiana

Schedule of Total Budgeted Expenditures  
Allocated to Individual Categories

	<u>2008</u> <u>Budget</u>
<u>Administrative and General</u>	
Salaries and Wages	\$ 1,037,512
Fringe Benefits	279,103
Materials and Supplies	38,930
Repairs and Maintenance	3,000
Professional Services	900,000
Contractual Services	750,000
Insurance	260,000
Telephone and Postage	137,100
Leases	15,000
Other Expenses	448,705
Other Capital Outlays	306,450
Total Administrative and General	4,175,800
Total Budgeted Expenditures	\$ 19,139,916

- (1) Allocation of expenses to individual categories for plant operations and maintenance and pretreatment facilities was made by White River Environmental Partnership (the District's contract operator).

**GARY SANITARY DISTRICT**  
Gary, Indiana

Proforma Statement of Net Revenues

	Unadjusted <u>Proforma</u>	<u>Adjustments</u>	Ref.	<u>Proforma</u>	Percentage Increase/ Coverage
<u>Operating Revenues (A)</u>					
Customer Revenues	\$ 11,442,445	\$ 9,765,350	(1)	\$ 21,207,795	<u>85.34%</u>
Contract Customers User Charge Revenues	3,550,205	197,205	(2)	3,747,410	
Surveillance Charges	116,925	-		116,925	
Excess Strength Surcharges	97,763	(31,476)	(3)	66,287	
Dumping Coupons	47,250	(9,250)	(4)	38,000	
Tap-on Fees	29,850	-		29,850	
Interest Income	67,144	(30,423)	(5)	36,721	
Miscellaneous Income	587,426	(187,426)	(6)	400,000	
Total Operating Revenues	<u>15,939,008</u>	<u>9,703,981</u>		<u>25,642,989</u>	
<u>Operating and Maintenance Expenditures (B)</u>					
Sewer Collection, Plant Operation and Maintenance	12,445,000	1,188,000	(7)	13,633,000	
Customer Accounts	1,013,116	907,000	(8)	1,920,116	
Administration and General	3,869,350	57,966	(9)	3,927,316	
Total Operating and Maintenance Expenditures	<u>17,327,466</u>	<u>2,152,966</u>		<u>19,480,432</u>	
Replacement of Equipment Costs	<u>1,500,000</u>	<u>-</u>	(10)	<u>1,500,000</u>	
Total Operating and Maintenance Expenditures and Replacement of Equipment Costs	<u>18,827,466</u>	<u>2,152,966</u>		<u>20,980,432</u>	
Net Operating Revenues	<u>(2,888,458)</u>	<u>7,551,015</u>		<u>4,662,557</u>	
<u>Local Capital Charges</u>					
Debt Service on Combined Revenue Bonds	1,661,601	1,654,439	(11)	3,316,040	<u>140.61%</u>
Capital Additions	312,450	(212,450)	(12)	100,000	
Total Local Capital Charges	<u>1,974,051</u>	<u>1,441,989</u>		<u>3,416,040</u>	
Net Revenues	<u>\$ (4,862,509)</u>	<u>\$ 6,109,026</u>		<u>\$ 1,246,517</u>	

(A) Operating revenues are actual revenues from 2006 as adjusted.

(B) Operating expenditures represent the District's 2008 budget as adjusted (see Schedule E-1 for adjustments).

**GARY SANITARY DISTRICT**  
Gary, Indiana

Detail of Adjustments

(1)

To adjust "Customer Revenues" to allow for proposed revenue increase to meet revenue requirements.

Revenue Requirements	\$	25,642,989	
Less: Contract Customers User Charge Revenues		(3,747,410)	
Surveillance Charges		(116,925)	
Excess Strength Surcharge		(66,287)	
Dumping Coupons		(38,000)	
Tap-on Fees		(29,850)	
Interest income		(36,721)	
Interest income		(400,000)	
Net Revenue Requirements		21,207,795	
Less: Test-Year Customer Revenues		(11,442,445)	
Adjustment			\$ 9,765,350

(2)

To adjust "Contract Customers User Charge Revenues" for estimated annual revenue.

		2008	
		<u>Revenue</u>	
Merrillville Conservancy District (Schedule E-5)	\$	2,087,298	
City of Hobart (Schedule E-6)		1,061,599	
City of Lake Station (Schedule E-7)		598,513	
Total		3,747,410	
Less: Test-Year Amount		3,550,205	
Adjustment			\$ 197,205

Note: The contract customers rates are determined annually and a "true-up" calculation is made in the subsequent year. We have used the 2006 recalculated user charge revenues for Merrillville Conservancy District, City of Hobart and the City of Lake Station.

**GARY SANITARY DISTRICT**  
Gary, Indiana

Detail of Adjustments (Continued)

(3)		
	To adjust "Excess Strength Surcharge" to reflect proposed rates applied to current pounds of excess strength of waste.	
	Proforma Estimated Amount	\$ 66,287
	Less: Test-Year Amount	<u>(97,763)</u>
	Adjustment	<u>\$ (31,476)</u>
(4)		
	To adjust "Dumping Coupons" to estimated annual amount.	
	Proforma Estimated Amount	\$ 38,000
	Less: Test-Year Amount	<u>(47,250)</u>
	Adjustment	<u>\$ (9,250)</u>
(5)		
	To adjust "Interest Income" to estimated annual earnings.	
	Operating Fund Cash and Investment Balances at 12/31/06	\$ 3,672,086
	Multiplied By: Interest Rate	<u>1.00%</u>
	Proforma Amount	36,721
	Less: Test-Year Amount	<u>(67,144)</u>
	Adjustment	<u>\$ (30,423)</u>
(6)		
	To eliminate non-reoccurring "Miscellaneous Income."	
	Adjustment	<u>\$ (187,426)</u>

GARY SANITARY DISTRICT  
Gary, Indiana

Detail of Adjustments (Continued)

(7)

To adjust "Sewer Collections, Plant Operations and Maintenance" for estimated increases in the plant operations contract.

Estimated Annual Contract Amount	13,200,000	
Estimated CPI Percentage Increase for 3 years	9%	
	<u>1,188,000</u>	
Estimated Annual Contract Amount	14,388,000	
Less: Payment from Sewer Operating Fund	<u>(1,200,000)</u>	(A)
Estimated Annual Contract Amount Paid From Operating Fund	13,188,000	
Estimated Annual Major Corrective Maintenance, Additional Service Agreements and Capital Improvements	<u>445,000</u>	
	13,633,000	
Less: Test-Year Amount	<u>(12,445,000)</u>	
Adjustment		<u>\$ 1,188,000</u>

(A) The annual plant operations contract is \$13,200,000 for contract year 11 and \$1,200,000 is paid from the Sewer Operating Fund (a tax based fund).

(8)

To adjust "Administrative and General" expenditures for the estimated increase in salaries and wages, and benefits.

Salaries and Wages	\$ 1,610,169	
Times: Salary Increase	3.00%	
Estimated Salaries and Wages Increase for 2009	<u>48,305</u>	
Estimated Salaries and Wages Increase for 2009	48,305	
Times: Benefit increase	<u>20.00%</u>	
Estimated Benefits Increase for 2009	9,661	
Adjustment		<u>\$ 57,966</u>

## GARY SANITARY DISTRICT

Gary, Indiana

## Detail of Adjustments (Continued)

(9)

To adjust "Customer Accounts" to estimate annual provision for uncollectible accounts as bad debt expense.

Residential Customer Revenues	\$ 4,894,569	
Multiplied By: Proforma Rate Increase %	85.33%	
Residential Customer Revenue Increase	<u>4,176,536</u>	
Proforma Customer Revenues	9,071,105	
Multiplied By: Estimated Bad Debt %	10.00%	
Estimated Annual Provision for Bad Debts	<u>907,111</u>	
Less: Test-Year Amount	<u>-</u>	
Adjustment - Rounded		<u><u>\$ 907,000</u></u>

(10)

To adjust "Replacement of Equipment Costs" for estimated annual expense.

Estimated Annual Replacement Funding (Schedule E-3)	\$ 1,500,000	
Less: Test-Year Amount	<u>(1,500,000)</u>	
Adjustment		<u><u>\$ -</u></u>

(11)

To adjust "Debt Service on Proposed Revenue Bonds 2008" for estimated annual expense.

Estimated Debt Service (Schedule E-4)	\$ 3,316,040	
Less: Test-Year Amount	<u>(1,661,601)</u>	
Adjustment		<u><u>\$ 1,654,439</u></u>

(12)

To adjust "Capital Additions" to estimated annual amount.

Proforma Estimated Amount	\$ 100,000	
Less: Test-Year Amount	<u>(312,450)</u>	
Adjustment		<u><u>\$ (212,450)</u></u>

## GARY SANITARY DISTRICT

Gary, Indiana

Current Debt Service Schedule  
 (Assuming SRF Bonds are fully drawn)  
 Sewage Works Revenue Bonds of 2000

<u>Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>	<u>Fiscal Total</u>
07/15/08			\$ 274,050	\$ 274,050	
01/15/09	\$ 1,115,000	2.90%	274,050	1,389,050	\$ 1,663,100
07/15/09			257,883	257,883	
01/15/10	1,145,000	2.90%	257,883	1,402,883	1,660,766
07/15/10			241,280	241,280	
01/15/11	1,180,000	2.90%	241,280	1,421,280	1,662,560
07/15/11			224,170	224,170	
01/15/12	1,215,000	2.90%	224,170	1,439,170	1,663,340
07/15/12			206,553	206,553	
01/15/13	1,250,000	2.90%	206,553	1,456,553	1,663,106
07/15/13			188,428	188,428	
01/15/14	1,285,000	2.90%	188,428	1,473,428	1,661,856
07/15/14			169,795	169,795	
01/15/15	1,320,000	2.90%	169,795	1,489,795	1,659,590
07/15/15			150,655	150,655	
01/15/16	1,360,000	2.90%	150,655	1,510,655	1,661,310
07/15/16			130,935	130,935	
01/15/17	1,400,000	2.90%	130,935	1,530,935	1,661,870
07/15/17			110,635	110,635	
01/15/18	1,440,000	2.90%	110,635	1,550,635	1,661,270
07/15/18			89,755	89,755	
01/15/19	1,480,000	2.90%	89,755	1,569,755	1,659,510
07/15/19			68,295	68,295	
01/15/20	1,525,000	2.90%	68,295	1,593,295	1,661,590
07/15/20			46,183	46,183	
01/15/21	1,570,000	2.90%	46,183	1,616,183	1,662,366
07/15/21			23,418	23,418	
01/15/22	1,615,000	2.90%	23,418	1,638,418	1,661,836
<b>Total</b>	<b>\$ 18,900,000</b>		<b>\$ 4,364,070</b>	<b>\$ 23,264,070</b>	<b>\$ 23,264,070</b>

Note: Average annual debt service is equal to \$ 1,661,566.

The District has drawn \$14,505,186 on the SRF Loan of \$25,400,000 and has a balance remaining of \$8,005,186 as of January 15, 2008. After the additional draw in 2008 of \$2,000,000 for the Black Oak Sewer Project, the SRF loan amount will be \$10,005,186.

**GARY SANITARY DISTRICT**  
Gary, Indiana

Re-Amortized Debt Service Schedule  
(Assuming Additional \$2 Million for Black Oak Sewer Projects)  
Sewage Works Revenue Bonds of 2000

<u>Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>	<u>Fiscal Total</u>
07/15/08			\$ 145,075.20	\$ 145,075.20	
01/15/09	\$ 590,000	2.90%	145,075.20	735,075.20	\$ 880,150.40
07/15/09			136,520.20	136,520.20	
01/15/10	607,000	2.90%	136,520.20	743,520.20	880,040.40
07/15/10			127,718.70	127,718.70	
01/15/11	624,000	2.90%	127,718.70	751,718.70	879,437.40
07/15/11			118,670.70	118,670.70	
01/15/12	642,000	2.90%	118,670.70	760,670.70	879,341.40
07/15/12			109,361.70	109,361.70	
01/15/13	661,000	2.90%	109,361.70	770,361.70	879,723.40
07/15/13			99,777.20	99,777.20	
01/15/14	680,000	2.90%	99,777.20	779,777.20	879,554.40
07/15/14			89,917.20	89,917.20	
01/15/15	700,000	2.90%	89,917.20	789,917.20	879,834.40
07/15/15			79,767.20	79,767.20	
01/15/16	720,000	2.90%	79,767.20	799,767.20	879,534.40
07/15/16			69,327.20	69,327.20	
01/15/17	741,000	2.90%	69,327.20	810,327.20	879,654.40
07/15/17			58,582.70	58,582.70	
01/15/18	762,000	2.90%	58,582.70	820,582.70	879,165.40
07/15/18			47,533.70	47,533.70	
01/15/19	785,000	2.90%	47,533.70	832,533.70	880,067.40
07/15/19			36,151.20	36,151.20	
01/15/20	807,000	2.90%	36,151.20	843,151.20	879,302.40
07/15/20			24,449.70	24,449.70	
01/15/21	831,000	2.90%	24,449.70	855,449.70	879,899.40
07/15/21			12,400.20	12,400.20	
01/15/22	855,186	2.90%	12,400.20	867,586.20	879,986.40
Total	<u>\$ 10,005,186</u>		<u>\$ 2,310,505.60</u>	<u>\$ 12,315,691.60</u>	<u>\$ 12,315,691.60</u>

Note: Maximum annual debt service is \$880,150 on the re-amortized loan. The District has drawn \$14,505,186 on the SRF Loan of \$25,400,000 and has a balance remaining of \$8,005,186 as of January 15, 2008. After the additional draw in 2008 of \$2,000,000 for the Black Oak Sewer Project, the SRF loan amount will be \$10,005,186.

## GARY SANITARY DISTRICT

Gary, Indiana

Proposed Debt Service Schedule  
Sewage Works Revenue Bonds of 2008

<u>Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>	<u>Fiscal Total</u>
01/15/09	\$ -	5.00%	\$ 825,000.00	\$ 825,000.00	\$ 825,000.00
07/15/09			825,000.00	825,000.00	
01/15/10	786,000	5.00%	825,000.00	1,611,000.00	2,436,000.00
07/15/10			805,350.00	805,350.00	
01/15/11	825,000	5.00%	805,350.00	1,630,350.00	2,435,700.00
07/15/11			784,725.00	784,725.00	
01/15/12	867,000	5.00%	784,725.00	1,651,725.00	2,436,450.00
07/15/12			763,050.00	763,050.00	
01/15/13	910,000	5.00%	763,050.00	1,673,050.00	2,436,100.00
07/15/13			740,300.00	740,300.00	
01/15/14	955,000	5.00%	740,300.00	1,695,300.00	2,435,600.00
07/15/14			716,425.00	716,425.00	
01/15/15	1,003,000	5.00%	716,425.00	1,719,425.00	2,435,850.00
07/15/15			691,350.00	691,350.00	
01/15/16	1,053,000	5.00%	691,350.00	1,744,350.00	2,435,700.00
07/15/16			665,025.00	665,025.00	
01/15/17	1,106,000	5.00%	665,025.00	1,771,025.00	2,436,050.00
07/15/17			637,375.00	637,375.00	
01/15/18	1,162,000	5.00%	637,375.00	1,799,375.00	2,436,750.00
07/15/18			608,325.00	608,325.00	
01/15/19	1,219,000	5.00%	608,325.00	1,827,325.00	2,435,650.00
07/15/19			577,850.00	577,850.00	
01/15/20	1,280,000	5.00%	577,850.00	1,857,850.00	2,435,700.00
07/15/20			545,850.00	545,850.00	
01/15/21	1,344,000	5.00%	545,850.00	1,889,850.00	2,435,700.00
07/15/21			512,250.00	512,250.00	
01/15/22	1,411,000	5.00%	512,250.00	1,923,250.00	2,435,500.00
07/15/22			476,975.00	476,975.00	
01/15/23	2,362,000	5.00%	476,975.00	2,838,975.00	3,315,950.00
07/15/23			417,925.00	417,925.00	
01/15/24	2,480,000	5.00%	417,925.00	2,897,925.00	3,315,850.00
07/15/24			355,925.00	355,925.00	
01/15/25	2,604,000	5.00%	355,925.00	2,959,925.00	3,315,850.00
07/15/25			290,825.00	290,825.00	
01/15/26	2,734,000	5.00%	290,825.00	3,024,825.00	3,315,650.00
07/15/26			222,475.00	222,475.00	
01/15/27	2,871,000	5.00%	222,475.00	3,093,475.00	3,315,950.00
07/15/27			150,700.00	150,700.00	
01/15/28	3,014,000	5.00%	150,700.00	3,164,700.00	3,315,400.00
07/15/28			75,350.00	75,350.00	
01/15/29	3,014,000	5.00%	75,350.00	3,089,350.00	3,164,700.00
<b>Total</b>	<b>\$ 33,000,000</b>		<b>\$ 22,551,100.00</b>	<b>\$ 55,551,100.00</b>	<b>\$ 55,551,100.00</b>

Note: Maximum annual debt service is \$3,315,950.

Annual funding to debt service reserve fund is \$663,208 (\$3,315,950 maximum principal and interest payment funded over 5 years).

**GARY SANITARY DISTRICT**  
Gary, Indiana

Combined Debt Service Schedule

Year	Re-amortized	Proposed	Total
	Schedule of the	Sewage Works	
	2000	2008	
	Sewage Works	Sewage Works	
	Revenue	Revenue	
	<u>Bonds</u>	<u>Bonds</u>	
2008	\$ 880,150	\$ 825,000	\$ 1,705,150
2009	880,040	2,436,000	<b>3,316,040</b>
2010	879,437	2,435,700	3,315,137
2011	879,341	2,436,450	3,315,791
2012	879,723	2,436,100	3,315,823
2013	879,554	2,435,600	3,315,154
2014	879,834	2,435,850	3,315,684
2015	879,534	2,435,700	3,315,234
2016	879,654	2,436,050	3,315,704
2017	879,165	2,436,750	3,315,915
2018	880,067	2,435,650	3,315,717
2019	879,302	2,435,700	3,315,002
2020	879,899	2,435,700	3,315,599
2021	879,986	2,435,500	3,315,486
2022	-	3,315,950	3,315,950
2023	-	3,315,850	3,315,850
2024	-	3,315,850	3,315,850
2025	-	3,315,650	3,315,650
2026	-	<b>3,315,950</b>	3,315,950
2027	-	3,315,400	3,315,400
2028	-	3,164,700	3,164,700
<b>Total</b>	<u>\$ 12,315,692</u>	<u>\$ 55,551,100</u>	<u>\$ 67,866,792</u>

Note: Maximum annual debt service on the combined bonds is \$3,316,040. See Exhibit F for funding of debt service reserve.

**GARY SANITARY DISTRICT**  
Gary, Indiana

Schedule of Annual Replacement of Equipment Provision

	<u>Estimated Costs</u>	<u>Estimated % of Equipment Cost</u>	<u>Estimated Replacement Equipment Costs</u>	<u>Useful Life (Years)</u>	<u>Annual Replacement Costs</u>
Current Annual Provision					\$ 1,417,314
Less: Estimated Amount Replacement Equipment to be Replaced					-
Subtotal					<u>1,417,314</u>
<u>New Equipment for Projects Scheduled 2008 - 2010</u>					
New Headworks	\$ 56,000,000	45%	\$ 25,050,000	20	1,252,500
Primary Treatment Systems	3,050,000	95%	2,912,500	20	145,625
Secondary Treatment Systems	2,250,000	100%	2,250,000	20	112,500
Tertiary Treatment Systems	2,480,000	92%	2,280,000	20	114,000
Final Effluent	4,650,000	60%	2,810,000	20	140,500
Sludge Handling Systems	11,030,000	40%	4,360,000	20	218,000
WWTP Communications	2,500,000	100%	2,500,000	20	125,000
Buildings/Facilities	2,900,000	34%	990,000	20	49,500
Subtotal					<u>2,157,625</u>
Grand Total					<u>\$ 3,574,939</u>
Rounded Total for the Current Annual Provision					<u>\$ 1,500,000</u>

Note: The current annual provision of annual replacement was taken from the District's schedule of replacement equipment.

The above information on new equipment was obtained from the District's consulting engineer and included are estimated costs of the proposed equipment additions with a life of 20 years or less.

GARY SANITARY DISTRICT  
Gary, Indiana

Capital Improvement Plan Requirements  
For Wastewater Treatment Plant Capital Improvement Projects

	2008	2009	2010	2011	2012	Total
<b>WWTP CAPITAL IMPROVEMENT PROJECTS</b>						
<b>NEW HEADWORKS PROJECTS:</b>						
Headwork's, Screening, Grit Removal, & Pumping Station	\$ -	\$ -	\$ -	\$ 42,100,000	\$ -	\$ 42,100,000 (2)
Flow Equalization Basin (WWTP)	-	12,900,000	-	-	-	12,900,000 (1)
Old Administration Building Improvements	-	125,000	125,000	-	-	250,000
Raw Sewage Pumps Replacement	-	-	750,000	-	-	750,000
<b>TOTAL NEW HEADWORKS PROJECTS</b>	-	13,025,000	875,000	42,100,000	-	56,000,000
<b>PRIMARY TREATMENT SYSTEMS PROJECTS:</b>						
Primary Sludge Pumps	-	-	300,000	-	-	300,000
Primary Sludge Degritters and Scum Removal System	1,000,000	-	-	-	-	1,000,000
<b>TOTAL PRIMARY TREATMENT SYSTEMS PROJECTS</b>	1,000,000	-	300,000	-	-	1,300,000
<b>SECONDARY TREATMENT SYSTEMS PROJECTS:</b>						
RAS/WAS, Scum and Drainage Pumps	-	2,000,000	-	-	-	2,000,000
Primary/Intermediate Clarifier Drain Valve Replacements	250,000	-	-	-	-	250,000
<b>TOTAL SECONDARY TREATMENT SYSTEMS PROJECTS</b>	250,000	2,000,000	-	-	-	2,250,000
<b>TERTIARY TREATMENT SYSTEMS PROJECTS:</b>						
Filter Building Upgrades	-	7,500,000	-	-	-	7,500,000 (1)
Effluent Filter Screw Pump Improvements	480,000	-	-	-	-	480,000
<b>TOTAL TERTIARY TREATMENT SYSTEMS PROJECTS</b>	480,000	7,500,000	-	-	-	7,980,000
<b>FINAL EFFLUENT PROJECTS:</b>						
Disinfection System Instrumentation Improvements	50,000	-	-	-	-	50,000
UV Disinfection and Post Aeration	-	-	2,300,000	2,300,000	-	4,600,000 (2)
<b>TOTAL FINAL EFFLUENT PROJECTS</b>	50,000	-	2,300,000	2,300,000	-	4,650,000
<b>SLUDGE HANDLING SYSTEMS PROJECTS:</b>						
WAS Thickening	4,000,000	-	-	-	-	4,000,000 (2)
Digester Cover Replacements	900,000	900,000	900,000	900,000	-	3,600,000 (1)
Explosion Proof Sump Pumps	500,000	-	-	-	-	500,000 (1)
Install dual Flame Arrestors and Dual Isolation Valves on Primary Digesters	100,000	-	-	-	-	100,000 (1)
High Level Alarm Failsafes for Digesters	30,000	-	-	-	-	30,000 (1)
Boiler Replacement Project	300,000	-	-	-	-	300,000 (1)
<b>TOTAL SLUDGE HANDLING SYSTEMS PROJECTS</b>	5,830,000	900,000	900,000	900,000	-	8,530,000
<b>WWTP COMMUNICATIONS:</b>						
New Instrumentation (SCADA) and Security	500,000	-	500,000	500,000	500,000	2,000,000
<b>TOTAL WWTP COMMUNICATIONS</b>	500,000	-	500,000	500,000	500,000	2,000,000
<b>BUILDINGS/FACILITIES:</b>						
Laboratory Upgrades	-	-	-	1,400,000	-	1,400,000 (2)
Office/Administration Building Upgrades	-	-	1,500,000	-	-	1,500,000 (2)
<b>TOTAL BUILDINGS/FACILITIES</b>	-	-	1,500,000	1,400,000	-	2,900,000
<b>TOTAL WWTP CAPITAL IMPROVEMENT PROJECTS</b>	\$ 8,110,000	\$ 23,425,000	\$ 6,375,000	\$ 47,200,000	\$ 500,000	\$ 85,610,000
Less: Long-term funding through bonds (1)	(1,830,000)	(21,300,000)	(900,000)	(900,000)	-	(24,930,000) (1)
Less: Projects prioritized beyond the initial five-year plan (2)	(4,000,000)	-	(3,800,000)	(45,800,000)	-	(53,600,000) (2)
<b>NET WWTP CAPITAL IMPROVEMENT PROJECTS AFTER SUBTRACTING LONG-TERM FUNDINGS (3)</b>	\$ 2,280,000	\$ 2,125,000	\$ 1,675,000	\$ 500,000	\$ 500,000	\$ 7,080,000

(1) Funding sources have been identified for Wastewater Capital Improvement Projects to be funded through issuance of long-term bonds (see Schedule E-4 and Exhibit H).

(2) Preliminary indications are for these projects to be prioritized beyond the initial five-year plan and are removed from the above funding list.

(3) The funding of the Net WWTP Capital Improvement Projects after subtracting long-term fundings may be funded out of the Districts operating net revenues or equipment replacement funds.

(4) Amounts to be funded from Equipment Replacement have not been identified at this time.

Note: The above estimated Capital Improvement Plan is preliminary has been provided by the Consulting Engineer. The Capital Improvement Plan has not been adopted by the and is subject to change.

GARY SANITARY DISTRICT  
Gary, Indiana

SCHEDULE E-7  
(Continued)

Capital Improvement Plan Requirements (Continued)  
Other Long-Term Capital Improvement Projects

	<u>Total</u>
<b>COLLECTION SYSTEM PROJECTS</b>	
South Area Equalization Basin	\$ 10,000,000 (1)
Drop Sewer at 32nd and Broadway; Washington and Georgia Pump Station	2,400,000 (2)
Miller Beach Sewer Separatio	19,000,000 (1)
South Area - Replace Portions of Interceptor/Source Control	20,000,000 (1)
<b>TOTAL COLLECTION SYSTEM PROJECTS</b>	<u>51,400,000</u>
<b>LIFT STATION PROJECTS:</b>	
Washington And Georgia Pump Station Rehab.	1,460,000 (2)
SCADA for Collection System	1,500,000 (2)
15th and Clay Pump Station VFD	150,000 (1)
15th and Clay Pump Station Service Water Screening System	30,000 (1)
<b>TOTAL LIFE STATION PROJECTS</b>	<u>3,140,000</u>
<b>TOTAL COLLECTION SYSTEM AND LIFT STATION PROJECTS</b>	<u>\$ 54,540,000</u>

- (1) Funding sources and timing for the above proposed projects have not been identified.  
(2) Funding sources for these projects have been included in the long-term issuance of bonds for projects (see Schedule E-4 and Exhibit H).  
Note: The above estimated Capital Improvement Plan is preliminary has been provided by the Consulting Engineer. The Capital Improvement Plan for the Collection System and Lift Stations Projects has not been adopted by the District, is preliminary and is subject to change. The above schedule does not include Central Area Interceptor or Central West Area Relief Sewer projects that are presently on hold.

GARY SANITARY DISTRICT  
Gary, Indiana

SCHEDULE E-8

Recalculation of Rates Based on Billed Flow and Loadings  
for Merrillville Conservancy District  
Based on Estimated Proforma 2008 Rates and Actual 2006 Removal Parameters

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Flow	194,281	124,047	188,683	186,313	171,376	122,091	156,564	174,801	192,233	209,857	191,113	263,334	2,174,693
Ammonia	27,813.02	18,782.43	24,392.49	24,638.98	22,159.03	23,101.19	20,274.83	24,303.84	15,843.29	24,461.08	26,932.07	29,098.32	281,800.57
CBOD	226,444.71	136,891.20	223,151.30	211,528.82	200,675.66	221,781.23	209,294.89	193,904.17	133,465.89	242,808.37	208,969.48	229,463.20	2,438,378.92
Phosphorus	6,214.56	4,388.93	6,034.92	6,159.87	5,797.80	5,533.88	5,233.61	5,279.12	3,792.64	5,931.34	5,525.57	7,176.16	67,068.40
TSS	239,417.31	137,001.62	220,334.84	210,007.88	202,175.17	202,309.95	274,281.33	180,826.51	124,424.65	191,331.58	135,555.49	199,371.48	2,317,037.81
<b>Rates</b>													
Flow	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151
Ammonia	0.1332	0.1332	0.1332	0.1332	0.1332	0.1332	0.1332	0.1332	0.1332	0.1332	0.1332	0.1332	0.1332
CBOD	0.1169	0.1169	0.1169	0.1169	0.1169	0.1169	0.1169	0.1169	0.1169	0.1169	0.1169	0.1169	0.1169
Phosphorus	1.6463	1.6463	1.6463	1.6463	1.6463	1.6463	1.6463	1.6463	1.6463	1.6463	1.6463	1.6463	1.6463
TSS	0.3070	0.3070	0.3070	0.3070	0.3070	0.3070	0.3070	0.3070	0.3070	0.3070	0.3070	0.3070	0.3070
<b>Bill Recalculation</b>													
Specific Costs	\$ 17,102.08	\$ 17,102.08	\$ 17,102.08	\$ 17,102.08	\$ 17,102.08	\$ 17,102.08	\$ 17,102.08	\$ 17,102.08	\$ 17,102.08	\$ 17,102.08	\$ 17,102.08	\$ 17,102.08	\$ 17,102.08
Flow	61,217.94	39,087.21	59,454.01	58,707.23	54,000.58	38,470.87	49,333.32	55,079.80	60,572.62	66,125.94	60,219.71	82,976.54	685,245.77
Ammonia	3,704.69	2,501.82	3,249.08	3,281.91	2,951.58	3,077.08	2,700.61	3,237.27	2,110.33	3,258.22	3,587.35	3,875.90	37,535.84
CBOD	26,471.39	16,002.58	26,086.39	24,727.72	23,458.98	25,926.23	24,466.57	22,667.40	15,602.16	28,384.30	24,428.53	26,824.25	285,046.50
Phosphorus	10,231.03	7,225.50	9,935.29	10,140.99	9,544.92	9,110.43	8,616.09	8,691.02	6,243.82	9,764.77	9,096.75	11,814.11	110,414.72
TSS	73,501.11	42,059.50	67,642.80	64,472.42	62,067.78	62,109.15	84,204.37	55,513.74	38,198.37	58,738.80	41,615.54	61,207.04	711,330.62
Monitoring Fee	4,200.00	4,200.00	4,200.00	4,200.00	4,200.00	4,200.00	4,200.00	4,200.00	4,200.00	4,200.00	4,200.00	4,200.00	52,500.00
<b>Total Bill</b>	<b>\$ 196,428.24</b>	<b>\$ 128,178.69</b>	<b>\$ 188,719.65</b>	<b>\$ 182,632.35</b>	<b>\$ 173,325.92</b>	<b>\$ 159,995.84</b>	<b>\$ 191,673.04</b>	<b>\$ 166,491.31</b>	<b>\$ 144,029.38</b>	<b>\$ 187,574.11</b>	<b>\$ 160,249.96</b>	<b>\$ 207,999.92</b>	<b>\$ 2,087,298.41</b>

Composite Rate for 2006 (per 1,000 gallons)

\$ 0.9598

GARY SANITARY DISTRICT  
Gary, Indiana

SCHEDULE E-9

Recalculation of Rates Based on Billed Flow and Loadings  
for Hobart Sanitary District  
Based on Estimated Proforma 2008 Rates and Actual 2006 Removal Parameters

	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
Flow	117,679	83,502	118,693	110,902	110,782	77,832	97,435	118,960	117,279	130,304	122,029	166,233	1,371,630
Ammonia	13,418.10	11,371.89	8,288.64	6,203.23	8,281.79	11,545.41	15,598.82	12,918.87	7,524.69	12,641.52	13,402.32	12,643.22	133,838.50
CBOD	84,934.61	65,654.56	96,946.57	64,302.94	47,659.52	61,139.01	101,101.89	72,982.14	53,872.67	108,091.95	103,992.17	72,396.27	933,074.30
Phosphorus	2,703.32	2,724.84	2,250.78	2,177.76	1,912.56	2,092.01	3,072.26	2,321.49	1,331.18	3,145.29	2,717.20	3,210.77	29,659.46
TSS	69,675.19	68,201.22	101,438.56	88,013.08	55,735.85	46,270.46	105,458.39	51,103.41	54,869.56	180,785.79	75,538.95	84,985.58	982,076.04
<b>Rates</b>													
Flow	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151
Ammonia	0.1332	0.1332	0.1332	0.1332	0.1332	0.1332	0.1332	0.1332	0.1332	0.1332	0.1332	0.1332	0.1332
CBOD	0.1169	0.1169	0.1169	0.1169	0.1169	0.1169	0.1169	0.1169	0.1169	0.1169	0.1169	0.1169	0.1169
Phosphorus	1.6463	1.6463	1.6463	1.6463	1.6463	1.6463	1.6463	1.6463	1.6463	1.6463	1.6463	1.6463	1.6463
TSS	0.3070	0.3070	0.3070	0.3070	0.3070	0.3070	0.3070	0.3070	0.3070	0.3070	0.3070	0.3070	0.3070
<b>Bill Recalculation</b>													
Specific Costs	\$ 11,280.75	\$ 11,280.75	\$ 11,280.75	\$ 11,280.75	\$ 11,280.75	\$ 11,280.75	\$ 11,280.75	\$ 11,280.75	\$ 11,280.75	\$ 11,280.75	\$ 11,280.75	\$ 11,280.75	\$ 135,369.00
Flow	37,080.65	26,311.48	37,400.16	34,945.22	34,907.41	24,524.86	30,701.77	37,484.30	36,954.61	41,058.79	38,451.34	52,380.02	432,200.61
Ammonia	1,787.29	1,514.74	1,104.05	826.27	1,103.13	1,537.85	2,077.76	1,720.79	1,002.29	1,683.85	1,785.19	1,684.08	17,827.29
CBOD	9,928.86	7,675.02	11,333.05	7,517.01	5,571.40	7,147.15	11,818.81	8,531.61	6,297.72	12,635.95	12,156.68	8,463.12	109,076.38
Phosphorus	4,450.48	4,485.90	3,705.46	3,585.25	3,148.65	3,444.08	5,057.86	3,821.87	2,191.52	5,178.09	4,473.33	5,285.89	48,828.38
TSS	21,390.28	20,937.77	31,141.64	27,020.02	17,110.91	14,205.03	32,375.73	15,688.75	16,844.95	55,501.24	23,190.46	26,090.57	301,497.35
Monitoring Fee	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	16,800.00
<b>Total Bill</b>	<b>\$ 87,318.31</b>	<b>\$ 73,605.66</b>	<b>\$ 97,365.11</b>	<b>\$ 86,574.52</b>	<b>\$ 74,522.25</b>	<b>\$ 63,539.72</b>	<b>\$ 94,712.68</b>	<b>\$ 79,928.07</b>	<b>\$ 75,971.84</b>	<b>\$ 128,738.67</b>	<b>\$ 92,737.75</b>	<b>\$ 106,584.43</b>	<b>\$ 1,061,599.01</b>

Composite Rate for 2006 (per 1,000 gallons)

\$ 0.7740

GARY SANITARY DISTRICT  
Gary, Indiana

SCHEDULE E-10

Recalculation of Rates Based on Billed Flow and Loadings  
for City of Lake Station  
Based on Estimated Proforma 2008 Rates and Actual 2006 Removal Parameters

	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
Flow	44,358	39,504	50,872	49,963	49,981	37,247	34,730	41,308	65,732	45,709	44,669	77,586	581,659
Ammonia	8,663.75	6,269.52	7,516.15	3,985.43	5,760.50	9,809.82	5,563.99	12,163.52	9,388.93	6,310.27	7,466.85	8,603.70	91,502.43
CBOD	57,554.87	41,879.70	53,176.23	43,901.84	12,911.50	55,626.76	49,043.63	47,310.52	61,497.05	38,015.34	42,144.91	62,321.91	565,384.26
Phosphorus	1,929.01	1,438.68	1,621.20	1,457.05	1,672.26	1,853.58	1,536.83	1,461.34	1,783.52	1,204.55	1,714.88	1,742.72	19,417.62
TSS	76,728.97	53,624.09	56,799.97	36,162.30	68,384.14	60,460.53	68,327.40	47,078.60	50,251.53	43,690.95	38,549.97	61,988.39	662,046.84
<b>Rates</b>													
Flow	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151	\$ 0.3151
Ammonia	0.1332	0.1332	0.1332	0.1332	0.1332	0.1332	0.1332	0.1332	0.1332	0.1332	0.1332	0.1332	0.1332
CBOD	0.1169	0.1169	0.1169	0.1169	0.1169	0.1169	0.1169	0.1169	0.1169	0.1169	0.1169	0.1169	0.1169
Phosphorus	1.6463	1.6463	1.6463	1.6463	1.6463	1.6463	1.6463	1.6463	1.6463	1.6463	1.6463	1.6463	1.6463
TSS	0.3070	0.3070	0.3070	0.3070	0.3070	0.3070	0.3070	0.3070	0.3070	0.3070	0.3070	0.3070	0.3070
<b>Bill Recalculation</b>													
Specific Costs	\$ 5,532.08	\$ 5,532.08	\$ 5,532.08	\$ 5,532.08	\$ 5,532.08	\$ 5,532.08	\$ 5,532.08	\$ 5,532.08	\$ 5,532.08	\$ 5,532.08	\$ 5,532.08	\$ 5,532.08	\$ 5,532.08
Flow	13,977.21	12,447.71	16,029.77	15,743.34	15,749.01	11,736.53	10,943.42	13,016.15	20,712.15	14,402.91	14,075.20	24,447.35	183,280.75
Ammonia	1,154.01	835.10	1,001.15	530.86	767.30	1,306.67	741.12	1,620.18	1,250.61	840.53	994.58	1,146.01	12,188.12
CBOD	6,728.16	4,895.74	6,216.30	5,132.13	1,509.35	6,502.77	5,733.20	5,530.60	7,189.01	4,443.99	4,926.74	7,285.43	66,093.42
Phosphorus	3,175.73	2,368.50	2,668.98	2,398.74	2,753.04	3,051.55	2,530.08	2,405.80	2,939.50	1,983.05	2,823.21	2,869.04	31,967.22
TSS	23,555.79	16,462.60	17,437.59	11,101.83	20,993.93	18,561.38	20,976.51	14,453.13	15,427.22	13,413.12	11,834.84	19,030.44	203,248.38
Monitoring Fee	2,800.00	2,800.00	3,500.00	2,800.00	2,800.00	2,800.00	2,450.00	3,500.00	2,800.00	2,800.00	3,500.00	2,800.00	35,350.00
<b>Total Bill</b>	<b>\$ 56,922.98</b>	<b>\$ 45,341.73</b>	<b>\$ 52,385.87</b>	<b>\$ 43,238.98</b>	<b>\$ 50,104.71</b>	<b>\$ 49,490.98</b>	<b>\$ 48,906.41</b>	<b>\$ 46,057.94</b>	<b>\$ 55,850.57</b>	<b>\$ 43,415.68</b>	<b>\$ 43,686.65</b>	<b>\$ 63,110.35</b>	<b>\$ 598,512.85</b>

Composite Rate for 2006 (per 1,000 gallons)

\$ 1.0290

**GARY SANITARY DISTRICT**  
Gary, Indiana

Statement of Revenue Requirements

Operation and Maintenance Expenses (Exhibit E)	\$ 19,480,432
Replacement of Equipment (Schedule E-6)	1,500,000
Debt Service on Combined Revenue Bonds (Schedule E-5)	3,316,040
Debt Service Reserve Annual Requirement (A)	330,289
Capital Additions (Exhibit E)	100,000
Working Capital (Exhibit E)	916,228
Total Revenue Requirements	<u><u>\$ 25,642,989</u></u>

(A) Calculation of Debt Service Reserve Annual Requirement

Combined Revenue Bonds	
Maximum Principal and Interest Payment	\$ 3,316,040 (1)
Less: Funded in Debt Service Reserve Fund	<u>(1,664,596)</u>
Balance	1,651,444
Divided By: 5 Years	<u>5</u>
Debt Service Reserve Annual Requirement	<u><u>\$ 330,289</u></u>

(1) The maximum principal and interest amount on the Revenue Bonds of 2000 and the estimated amount of the proposed Revenue Bonds of 2008 (see Schedule E-5).

Calculation of Operation and Maintenance Fund Requirements

Adjusted Operation and Maintenance Expenses (Exhibit E)	\$ 19,480,432
Divided by:	<u>12</u>
Sub-Total	1,623,369
Times: 2 1/2 Months	<u>2.5</u>
Working Capital Requirement	4,058,423
Less: Cash on Hand December 31, 2007	<u>1,309,740</u>
Net Working Capital Requirement	2,748,683
Funded Over 3 Years	<u>3</u>
Annual Working Capital Requirement	<u><u>\$ 916,228</u></u>

**GARY SANITARY DISTRICT**  
Gary, Indiana

Statement of Net Revenues and Coverage

	<u>Proforma</u>	<u>Percentage Coverage</u>
<u>Operating Revenues</u>		
Customer Revenues	\$ 21,207,795	
Contract Customers User Charge Revenues	3,747,410	
Surveillance Charges	116,925	
Excess Strength Surcharges	66,287	
Dumping Coupons	38,000	
Tap-on Fees	29,850	
Interest Income	36,721	
Miscellaneous Income	400,000	
Total Operating Revenues	25,642,989	
<u>Operating and Maintenance Expenditures</u>		
Sewer Collection, Plant Operation and Maintenance	13,633,000	
Customer Accounts	1,920,116	
Administration and General	3,927,316	
Total Operating and Maintenance Expenditures	19,480,432	
Net Operating Revenues	6,162,557	
<u>Local Capital Charges and Replacements</u>		
Debt Service on Combined Revenue Bonds (Schedule E-5)	3,316,040	<u>185.84%</u>
Replacement of Equipment Costs (Schedule E-6)	1,500,000	
Capital Additions (Exhibit E)	100,000	
Total Local Capital Charges and Replacements	4,916,040	
Net Revenues	\$ 1,246,517	

**GARY SANITARY DISTRICT**  
Gary, Indiana

Estimated Statement of Sources and Uses of Funds  
Proposed Sewage Works Revenue Bonds of 2008

Sources of Funds

Proposed Revenue Bonds of 2008	\$ 33,000,000
Total Sources of Funds	\$ 33,000,000

Uses of Funds

<u>Project Costs</u>	
Flow Equalization Basin (WWTP)	\$ 12,900,000
Filter Building Upgrades	7,500,000
Digester Cover Replacements	3,600,000
Drop Sewer at 32nd and Broadway; Washington and Georgia Pump Station	2,400,000
SCADA for Collection System	1,500,000
Washington and Georgia Pump Station Rehab	1,460,000
Explosion Proof Sump Pumps	500,000
Boiler Replacement	300,000
Install Dual Flame Arrestors and Isolation Valves on Primary Digesters	100,000
High Level Alarm Failsafes for Digesters	30,000
Construction Contingency (8.6%)	2,610,000
Total Project Costs	32,900,000
Administrative and Bond Issuance Costs	100,000
Total Uses of Funds	\$ 33,000,000

The District may consider financing the above projects through the State of Indiana Wastewater Revolving Loan Fund.

## GARY SANITARY DISTRICT

Gary, Indiana

Schedule of Current and Proposed User Charges  
and Other Charges

	<u>Current Rates</u>	<u>Proposed Rates</u>	<u>Increase/ Decrease</u>
Operation Maintenance and Replacement Charges per 1,000 gallons	\$ 2.92	\$ 5.42	\$ 2.50
Local Capital Charges per 1,000 gallons	0.58	1.08	0.50
Total User Charges per 1,000 gallons	<u>\$ 3.50</u>	<u>\$ 6.50</u>	<u>\$ 3.00</u>
Unmetered Rate - Average Usage 6,000 gallons per month	<u>\$ 21.00</u>	<u>\$ 39.00</u>	<u>\$ 18.00</u>
<b>Excess Strength Surcharge Rates</b>			
<b>Rates per Pound of the Following Constituents</b>			
CBOD for concentrations greater than 170 mg/l	\$ 0.30	\$ 0.12	\$ (0.18)
Suspended Solids for concentrations greater than 200 mg/l.	\$ 0.45	\$ 0.31	\$ (0.14)
Ammonia for concentrations greater than 25 mg/l.	\$ 0.29	\$ 0.13	\$ (0.16)
Phosphorous for concentrations greater than 7 mg/l.	\$ 1.72	\$ 1.65	\$ (0.07)
<b>Industrial Surveillance Charges</b>			
Surveillance Charge per test (sample)	\$ 350.00	\$ 350.00	\$ -
Application Fees	\$ 50.00	\$ 50.00	\$ -
Permit Fee	\$ 500.00	\$ 500.00	\$ -
Permit Renewal Fee	\$ 300.00	\$ 300.00	\$ -

Note: User charge rates for contract customers are negotiated in separate contracts.

**GARY SANITARY DISTRICT**  
Gary, Indiana

Schedule of Typical Monthly Bill Analysis

<u>Gallons</u>	<u>Current</u> <u>Charges</u>	<u>Proposed</u> <u>Charges</u>	<u>Dollar</u> <u>Increase</u>
1,000	\$ 3.50	\$ 6.50	\$ 3.00
2,000	7.00	13.00	6.00
3,000	10.50	19.50	9.00
4,000	14.00	26.00	12.00
<b>4,500 (A)</b>	<b>15.75</b>	<b>29.25</b>	<b>13.50</b>
5,000	17.50	32.50	15.00
6,000	21.00	39.00	18.00
7,000	24.50	45.50	21.00
8,000	28.00	52.00	24.00
9,000	31.50	58.50	27.00
10,000	35.00	65.00	30.00
11,000	38.50	71.50	33.00
12,000	42.00	78.00	36.00
13,000	45.50	84.50	39.00
14,000	49.00	91.00	42.00
15,000	52.50	97.50	45.00
16,000	56.00	104.00	48.00
17,000	59.50	110.50	51.00
18,000	63.00	117.00	54.00
19,000	66.50	123.50	57.00
20,000	70.00	130.00	60.00

(A) The average monthly residential usage is estimated at 4,500 gallons.

Note: The above user charge analysis does not include property taxes levied by the District.

GARY SANITARY DISTRICT  
Gary, Indiana

Calculation Of Excess Strength Surcharge Rates

	CBOD	Suspended Solids	Phosphorus	Ammonia
Plant Operations and Maintenance	\$ 782,524	\$ 4,184,441	\$ 407,167	\$ 93,611
Allocated Administration and General	220,940	1,181,313	114,920	26,311
Replacement Costs	151,599	679,953	37,451	20,972
Other Capital Items	17,498	93,609	9,102	2,084
Total Allocated Costs	<u>\$ 1,172,561</u>	<u>\$ 6,139,316</u>	<u>\$ 568,640</u>	<u>\$ 142,978</u>
Estimated Units (pounds)	10,029,165	19,996,650	345,408	1,073,232
Rate Per Pound	\$ 0.1169	\$ 0.3070	\$ 1.6463	\$ 0.1332
Rounded Rate Per Pound	0.1200	0.3100	1.6500	0.1300
Current Rates	<u>0.3000</u>	<u>0.4500</u>	<u>1.7200</u>	<u>0.2900</u>
Difference	<u>\$ (0.1800)</u>	<u>\$ (0.1400)</u>	<u>\$ (0.0700)</u>	<u>\$ (0.1600)</u>