



Village of Sister Bay

NOTICE OF RATE INCREASE - SANITARY SEWER AND HAULED WASTE CHARGES

Date 11/15/2024

Notice is being provided that, based on information from the engineering firm hired to complete a sewer rate study, and upon the concurrence of the Village Utilities Committee, sewer rates may increase effective January 1, 2025. A public hearing will be held on the proposed changes on December 17, 2024, at the Sister Bay/Liberty Grove Fire Station at or around 6:00 pm. The Utilities Committee has made the following recommended changes; the rate increase reflected as a percentage increase.

- Sewer fixed charges for Sister Bay customers – 15% (changes to \$175.49 per quarter)
- Sewer volume charges for Sister Bay customers – 15% (changes to \$4.86 per 1,000 gallons)
- Sewer fixed charges for Liberty Grove Utility District customers – 15% (changes to \$143.75 per quarter)
- Sewer volume charges for Liberty Grove Utility District customers – 15% (changes to \$4.49 per 1,000 gallons)
- Unsewered volume charges for Sister Bay Customers –
 - Holding Tanks: 25% (changes to \$19.50 per 1,000 gallons)
 - Septic Tanks: 25% (changes to \$111.25 per 1,000 gallons)
- Unsewered volume charges for Liberty Grove Utility District customers and Out of Area customers –
 - Holding Tanks: 25% (changes to \$23.38 per 1,000 gallons)
 - Septic Tanks: 25% (changes to \$132.38 per 1,000 gallons)
- High strength waste surcharges –
 - Flow: 25% (changes to \$5.98 per 1,000 gallons)
 - BOD: 25% (changes to \$1.66 per 1,000 gallons)
 - SS: 25% (changes to \$1.06 per 1,000 gallons)
 - P: 25% (changes to \$16.56 per 1,000 gallons)

It is recommended that these rate increases be implemented at the beginning of the first quarter of service (January 1, 2025), which would be billed at the end of March.

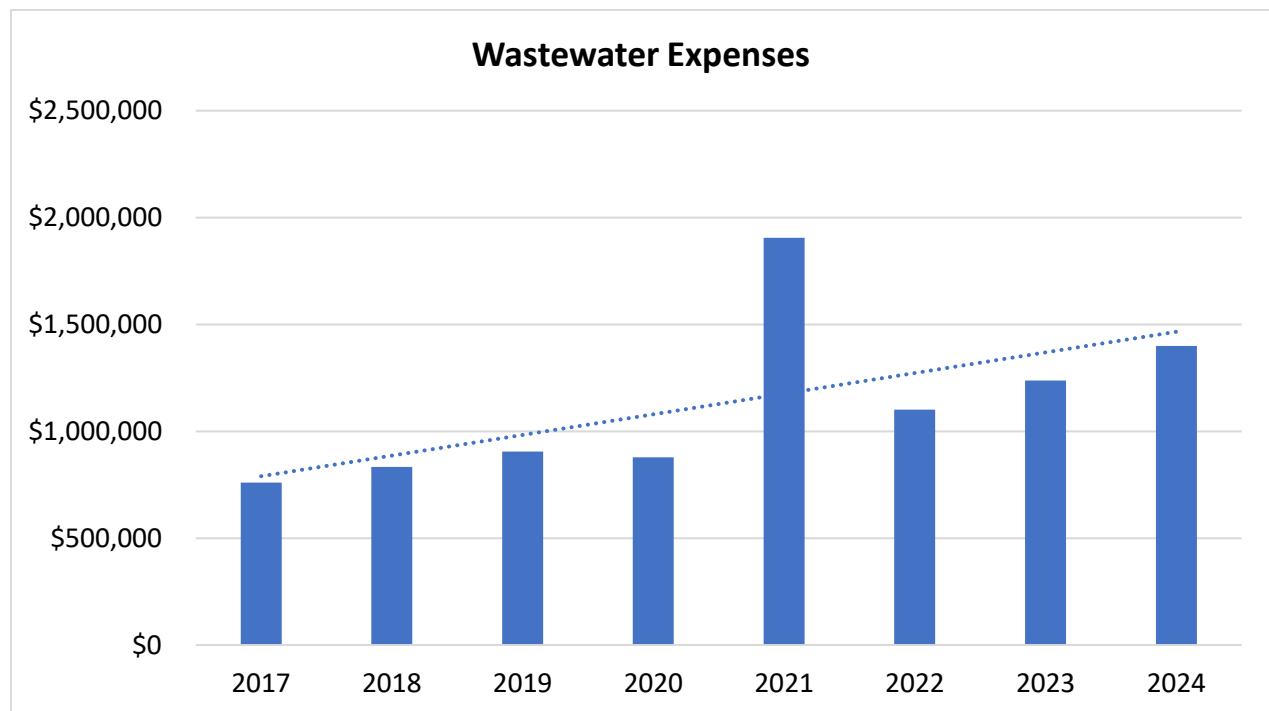
Every two years the village reviews their sewer rates (water rates are reviewed in the alternating years). Historically the village utilized a quite complicated formula to determine the rate, so this year the village contracted with an engineering firm to simplify the process and help determine the rate.

The last sewer rate increase and adjustment was implemented in 2022. Through that rate study, sewer rates were changed between -12.73 and +33.83%. Those changes were required to support the increasing operating and maintenance expenses and debt service of the wastewater fund (the wastewater fund took on additional debt related to the settlement of a lawsuit).

In August 2024 Robert E Lee and CliftonLarsonAllen (CLA) partnered and were awarded the contract to complete the new rate study for the village. It has been recommended that the village move to a yearly review during the budget process, ascertaining if there is a need for an increase by examining operating revenues and expenses in comparison to cash reserves, while also taking into consideration the capital and maintenance schedule of the system. The Utilities Committee approved this approach at a Special Sewer and Water Utilities

Committee Meeting on October 29, 2024. Not only were the above rates approved, but there was discussion about the impact increased sludge hauling costs and other processes and needs were having on the budget. Therefore, it was further recommended to consider an even larger adjustment in 2026 and 2027. Such increase will help to build the cash reserves needed for the capital improvements associated with a sludge processing facility.

Wastewater expenses have been increasing each year. Expense increases have come in personnel, fuel, electricity, chemicals, sludge processing, and maintenance. The prior rate increase was enough to cover debt payments and those increasing operating expenses, but not adequate to cover the unexpected increase in sludge hauling expenses. Since then, projected costs for sludge processing alone have risen an estimated 117% for 2025, with Sturgeon Bay Utilities no longer able to accept our sludge for further processing (requiring sludge to be transported to Green Bay). With all the new capital and changes in systems at the plant, replacement costs have increased as well.



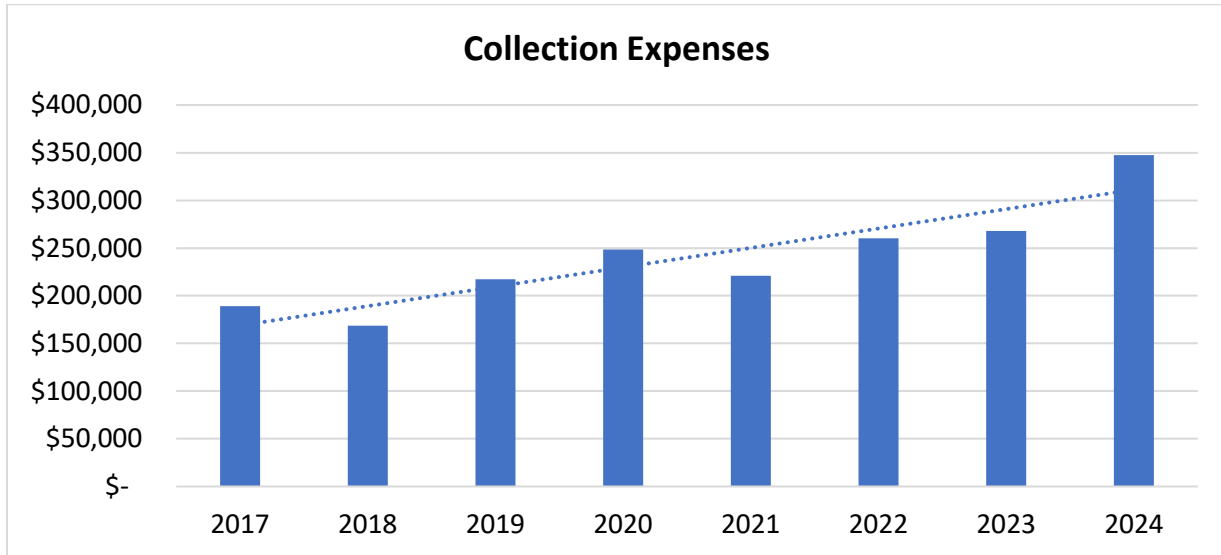
* 2024 is a budgeted value

Wastewater expenses in 2020 were low, in part, to a decrease in personnel costs since the utility was not fully staffed. In 2021, there were one-time expenses related to the wastewater treatment plant capital improvements, which is why 2021 is an outlier on the above graph. In 2021 there was also a decrease in personnel costs as vacant positions were not filled until late in the year. And in 2022 and 2024, we again experienced personnel vacancies. Water and wastewater operators are some of the most difficult positions to recruit for and fill, primarily due to state-wide turnover and the specialized training and continuing education required of operators. Wages are rising quickly, and benefits need to be very competitive for employee retention.

Collection costs can vary greatly depending on projects that are being done on the system. Just one project (such as a lift station rehabilitation or manhole repair) can account for up to 25% of the expense budget. The 2024 budget contains costs for sewer televising (which is a cost of about \$30,000 per year) and for work on several lift stations in conjunction with replacing the pumps.

As mentioned though, the greatest challenge facing the program is how to handle the increased costs in sludge processing. Currently staff is researching bringing the process in house and the fiscal impact it could have on rates.

Although the above increases sound high, fortunately we have historically had lower rates than our neighboring jurisdictions, and even with the increases, our rates will be at or below those neighboring rates.



* 2024 is a budgeted value

Fiscal Impact:

Based on 2023 hauled waste, the proposed changes will increase revenues from unsewered (hauled) waste by \$51,983.

Based on 2023 sewer service charges, the proposed changes will increase revenues from sewer service by \$149,712.45.

Respectfully submitted,

Megan Barnes
Utilities Director