

Wastewater Treatment Plant Construction Update

For the past 40 years, under the oversight of the DNR, the Larsen-Winchester Sanitary District has efficiently and successfully provided sewer services through the operation of a controlled discharge lagoon system, managing our infrastructure and operations while keeping costs affordable for the 315 district users. In recent years, the DNR has set and imposed ammonia and phosphorus discharge limitations which the existing treatment facility is unable to meet. As such, these requirements result in an unfunded mandate forcing the district to undertake a complete Wastewater Treatment Plant (WWTP) overhaul and upgrade. Construction of the new WWTP began last summer and it is hoped that it will be substantially complete and operational by May 2026.

With the anticipated construction cost estimated at \$4,200,000, the financial impact to comply with the DNR mandate will most certainly be a burden on the taxpayers and district customers.

Cognizant of this, the Sanitary District Board has tirelessly researched and continues to actively seek grant funding opportunities. They have requested assistance from our Federal, State, and County representatives to identify and access potential grant programs. Despite submission of numerous requests and applications, LWSD does not meet the qualification requirements, making these funding efforts unsuccessful.

The only program for which LWSD qualifies is the Clean Water Fund Program (CWFP). This program is administered by the DNR and is funded using federal infrastructure monies. Through the CWFP LWSD will receive approximately \$900,000 in Principal Forgiveness. The balance of the project, \$3,300,000, will then be paid for with a

30-year CWFP loan with a fixed interest rate of 2.585 percent.

Even with the generous Principal Forgiveness and the subsidized interest rate, the DNR mandate still carries with it a significant financial burden. The annual debt payment is estimated to be \$160,000.

Beginning in 2025, the debt service payments will have to be funded either by adding them to the tax levy or through billing rate increases or both. It must also be understood that the Clean Water Fund Program comes with “strings attached.” By accepting the funding through the program, there are specific requirements imposed on the district which will have a direct impact on the annual tax levy over and above the annual loan payments.

Specifically, the CWFP requires that each year the district deposit money into an “Equipment Replacement Fund” so that as the mechanical components of the system age-out or fail, there is money “on-hand” to replace them. The amount required for deposit each year is calculated based on a full inventory of components and various factors associated with each such as purchase price, life expectancy, and other criterion. After providing the necessary information to the DNR, they have determined that the district must deposit ~\$61,000 annually into the “Equipment Replacement Fund”.

Finally, the mandated change to the WWTP system will result in added operational costs. The new system will require daily checks and new tasks which previously were not needed. There will also be added equipment maintenance, electric and natural gas utility increases, and building and site

maintenance. While exact costs are yet to be determined, staff expect the added operational costs to be approximately \$77,000 annually.

The bottom line for taxpayers and district customers is an unavoidable increase to the LWSD tax levy. Because the project is not yet complete, the impact on property owners can only be estimated. LWSD expects to maintain the current usage rates for the near term. However, property owners will see an increase to the LWSD tax levy. Below is an approximation of the impact on the average property owner.

2024 Tax Levy Payment	2025 Tax Levy Payment	2026 Tax Levy Payment
\$500	\$775*	\$953*

*Payments are ESTIMATED. Actual Tax is yet to be determined.

The Sanitary District Board members and staff will continue to strive to minimize costs whenever and wherever possible. Please feel free to reach out with questions or concerns, and as always, we encourage public attendance at the Sanitary District Board meetings.

District information and postings available at:

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