



**TWO
RIVERS**
WISCONSIN

PUBLIC WORKS

Engineering Division

1717 E. Park Street

P.O. BOX 87

Two Rivers, WI 54241-0087



Memorandum

Department of Public Works

Date: December 8, 2023

To: City Council
Greg Buckley, City Manager

From: Matthew R Heckenlaibe, PE, Public Works Director/City Engineer

Re: Proposed 2024 Wastewater Rate
Supplemental Information/Determination

The 2024 Sanitary Sewer (Wastewater) Utility Budget was adopted with an anticipated 4% rate increase. This increase is needed primarily to meet increased operational and debt service requirements associated with the plant upgrades in the past several years at the Wastewater Treatment Plant.

The rate ordinance that I am recommending for City Council action on December 18, 2023, puts all of the increase on the monthly fixed charge portion of the bill, as has been done with the previous two rate increases. The variable, or volume-based charge would remain unchanged.

I am recommending that the rate increase be structured in this manner because total annual revenue from fixed charges is significantly less than the total fixed costs by the Utility. Such fixed costs (include Debt Service, Administrative Salaries, Administrative Benefits, Administrative Expenses, and required contributions to the Equipment Replacement Fund) currently total just over \$1.3 million out of the \$3.1 million sewer utility annual budget.

Structuring the rate increase in this manner results in a 10.88 percent increase in the monthly fixed charge from \$17.00 to \$18.85. For an average residential customer, using 4 CCF of water, that amounts to an increase of \$1.85 in the Sewer portion of their monthly utility bill.

The Annual Difference between the 2023 Budgeted Revenue and the Proposed 2024 Budgeted Revenue of approximately \$130,000. As shown in the table below, by utilizing the Fixed Fees, that difference can be achieved with the \$1.85 rate increase.

For discussion purposed, an additional \$10,555 would be collected if each of the fixed rates would be increased by an additional \$0.15 to make the increase an even \$2.00 rather than the \$1.85.



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Fixed Fee Rate	# of Units	Existing 2023 Rates		Proposed 2024 Rate		Optional 2024 Rate	
		Fee Per Month	Fee Per Month	Fee Per Month	Fee Per Month	Fee Per Month	Fee Per Month
Residential Base Units	5,145	\$17.00	\$87,465	\$18.85	\$96,983.25	\$19.00	\$97,755.00
Additional Units	719	\$11.00	\$7,909	\$12.85	\$9,239.15	\$13.00	\$9,347.00
Total Units	5,864	Monthly Total	\$95,374	Monthly Total	\$106,222.40	Monthly Total	\$107,102.00
		Annual Total	\$1,144,488	Annual Total	\$1,274,668.80	Annual Total	\$1,285,224.00
Difference between 2023 and 2024 rates					\$130,180.80		\$140,736.00



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