

MEMORANDUM

Date: July 31, 2025

To: Greg Buckley – Two Rivers City Administrator

From: Greg Droessler, PE – Vice President

Subject: Sewer User Rate Update

Town and Country Engineering is currently working to complete a Sewer User Rate Study for the City of Two Rivers to assist in developing a plan to fund needed improvements at the wastewater treatment facility (WWTF), lift stations, and collection system. The City has incurred an increasing level of debt service due to continued improvements to the system that will require an increase in revenue to support these efforts. Our work on the study is approximately 75% complete and will be ready in draft form next month for the Public Utilities Committee and City Council discussions.

The City typically looks at sewer rates every year and increases rates as needed. The following is a summary of the City's sewer rates over the past 10 years.

Effective Date	Volume Charge	Fixed Charge	Avg Usage (5 CCFs)	Total Bill
1/2014	\$5.25	\$12.20	\$26.25	\$38.45
11/2018	\$5.46	\$12.69	\$27.30	\$39.99
3/2019	\$5.46	\$14.09	\$27.30	\$41.39
1/2020	\$5.60	\$15.00	\$28.00	\$43.00
8/2022	\$5.60	\$17.00	\$28.00	\$45.00
1/2024	\$5.60	\$18.85	\$28.00	\$46.85

The Wisconsin Department of Natural Resources (DNR) and Department of Administration (DOA) have notified the City that they are estimated to have a (\$118,266) shortfall with the City's current sewer revenue to have the 110% debt coverage required for all new Clean Water Fund loans. The following options are being considered as a means to raise additional revenue to cover this increased debt service.

1. Raise Rates: The City may raise the Fixed Fee by about \$1.75 to \$2.00 per month per user to provide the debt coverage required.
2. Modify the Municipal Code to account for the larger meters: The City currently charges a fixed fee of \$18.85 per month for all meters regardless of size. The rate structure would be modified to charge the residential, commercial, industrial, public, and multi-family entities that require larger infrastructure based on the meter size at a higher rate as they place a larger demand for capacity on the WWTF, lift stations, and collection system. This is an "Equivalent Meter" multiplier system that is similar to the system currently used by the Water Department.
3. Utilize the Category B Sewer Service Charge: The City adopted sewer service charges for Category B (commercial or industrial) users in 2023 but has not yet utilized this rate structure to charge a surcharge for users that discharge wastewater with higher concentrations of BOD, TSS, or phosphorus. This surcharge is intended to cover the additional charges that the City realizes due to the higher costs of treatment.

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