

Many residents and business owners of the City of Seymour were dismayed to hear about the upcoming sewer rate increase associated with DNR mandated capital upgrades to the City's 41 year old Waste Water Treatment Facility (WWTF). The City Council will be holding a Public Informational meeting in the Council Chambers located in City Hall on August 28, 2023, at 6:00 p.m. City Council will answer questions you may have regarding the required upgrades to the WWTF and associated sewer rate increases to finance these capital upgrades. The City Council will then take formal action to consider the recommend sewer rate increase as a formal agenda item later that same evening. Additionally, a public hearing will be held in the Council Chambers on October 9th beginning at 6:00pm regarding the City's Intent to Apply for USDA funds. A future public hearing will be held (date to be decided) prior to USDA obligating the funds to the City of Seymour. All are encouraged to attend these additional public hearings. During the interim, we hope this post will begin to answer some of your questions.

NEED FOR THE PROJECT

The current WPDES permit, which was reissued effective October 1, 2017, and later modified effective October 1, 2021, contains an interim monthly average effluent Total Phosphorus (P) limit of 0.6 mg/l, and will be followed by final TMDL based mass limits, which go into effect on October 1, 2026. The Upper Fox Wolf River Basin TMDL Waste Load Allocation (WLA) for Total P and total suspended solids (TSS) was approved by the U.S. Environmental Protection Agency (EPA) on February 27, 2020. The WPDES Permit issued effective October 1, 2017, was revoked, and reissued to include the TMDL based limits and an associated schedule for compliance with pending limits.

An Operational Evaluation Report for effluent phosphorus was previously submitted to the Wisconsin DNR in October 2019. **The Operational Evaluation Report concluded that compliance with future stringent effluent phosphorus limits is likely not achievable through further optimization of the existing WWTF.** Additionally, a Compliance Alternatives, Source Reduction, Improvements and Modifications Status Report, was submitted to DNR in January 2020. **The report concluded that given the treatment facility's age and lack of available reserve capacity for future growth, it is recommended that Seymour complete a Facility Plan in conjunction with the Preliminary Compliance Alternatives Plan, which was due to be submitted by September 30, 2020, as a part of the WPDES Permit Compliance Schedule.**

A DRAFT Facility Plan, which was intended to also serve as the Preliminary Compliance Alternatives Plan for effluent phosphorus, was submitted to the DNR in September 2020. The DRAFT Facility Plan established 20-year projected design influent flows and loadings and evaluated feasible treatment and non-treatment alternatives, not only for compliance with effluent phosphorus limits, but to increase reserve capacity and extend the WWTF's service life for long term compliance with all WPDES permit limits. **A Final Compliance Alternatives Plan was submitted to the DNR on September 30, 2021, which recommended wastewater treatment for long term compliance with pending stringent effluent Total P limits, with the intent to construct proposed wastewater treatment facility improvements for effluent Total P along with other improvements to address immediate needs at the facility, increase the reserve capacity and extend the facility's service life.**

Following submittal of the DRAFT Facility Plan in 2020, the City engaged its largest industrial wastewater discharger, Emmi Roth, a producer of blue cheese, regarding the proposed wastewater treatment facility improvements, and projected future flows and loadings allocations for their wastewater discharge to the City. After ongoing discussions with Emmi Roth regarding their future, it was decided to amend the influent flows and loadings projections presented in the DRAFT Facility Plan to better align with recent improvements made by Emmi Roth in their wastewater handling, which resulted in a noticeable reduction in their discharge loadings in 2022, and their plans to further reduce their discharge flows and loadings to the City through pretreatment of their wastewater allowing responsible growth in their cheese production without significantly impacting the City’s WWTF.

The Facility Plan represents planning efforts made by the City of Seymour over the last 5-years and provides a recommended plan for proposed WWTF improvements which are intended to meet present and future treatment objectives, while addressing impending needs and extending the service life of the WWTF.

The implementation schedule is as follows:

Submit Final Compliance Alternatives Plan for P Compliance.....	Complete
Submit Facility Plan to DNR.....	Complete
Public Hearing.....	Complete
Submit Progress Report on Plans & Specifications to DNR.....	Complete
Submit Plans & Specifications to DNR.....	September 2023
DNR Approval of Facility Plan.....	September 2023
DNR Approval of Plans & Specifications.....	December 2023
Open Bids for Construction.....	February 2024
Start Construction.....	May 2024
Submit Construction Progress Report #1.....	December 2024
Submit Construction Progress Report #2.....	December 2025
Start-Up New Facilities.....	May 2026
Complete Construction.....	September 2026

In Other Words – We’ve outlived the Design Capacity of our WWTF

The current wastewater facility was designed and built in 1982 with a 20-year design capacity that has been exceeded by an additional 21-years due in large part to the conscientious efforts of our DNR certified Wastewater Operators. However, due to the strict mandates of the State, the City must make upgrades to the existing plant with an estimated cost of \$19,043,000.00.

The Sewer Utility Must be Self-Sustaining:

The City of Seymour operates a sewer utility as part of its operations. This utility is accounted for separately as independent enterprise fund activity. This means the sewer utility is tracked separately from other operations that are funded by property taxes and must be self-sustaining through its rate structure.

Why Wasn't Money Set Aside For This New Treatment Plant?

It is not practical for a municipality to blindly increase sewer rates for future wastewater treatment plants. Incremental increases to cover increased annual expenses, equipment replacement, and keeping up with inflation are necessary. However, a municipality cannot estimate how much to increase rates not knowing what type of plant will be needed or the cost of a new plant until you know what the DNR will require and engineers are hired to design a plant. Additionally, eligibility for grant money is based on community need, community median income, current rates, revenues, expenditures and how much fund balance you have in your Sewer Utility. Based on that criteria, our community may be eligible for a grant through the USDA-Rural Development Program. For example, using a current-day cost of \$19,043,000.00 for a new plant, if we had estimated a \$10,000,000.00 cost for a new treatment plant 20-years ago and put that money aside from charging you higher rates year after year, utility customers would have paid for the entire \$19,043,000.00 cost through rates paid over the years and a new loan of \$9,043,000.00 because we most likely wouldn't be eligible to apply for grants due to higher amounts of money on hand to construct the new treatment facility. The City is now able to apply for grants through the USDA with a potential maximum grant of 45% which equates to \$8,569,000.00.

Why Is the City Doing This Now of All Times?

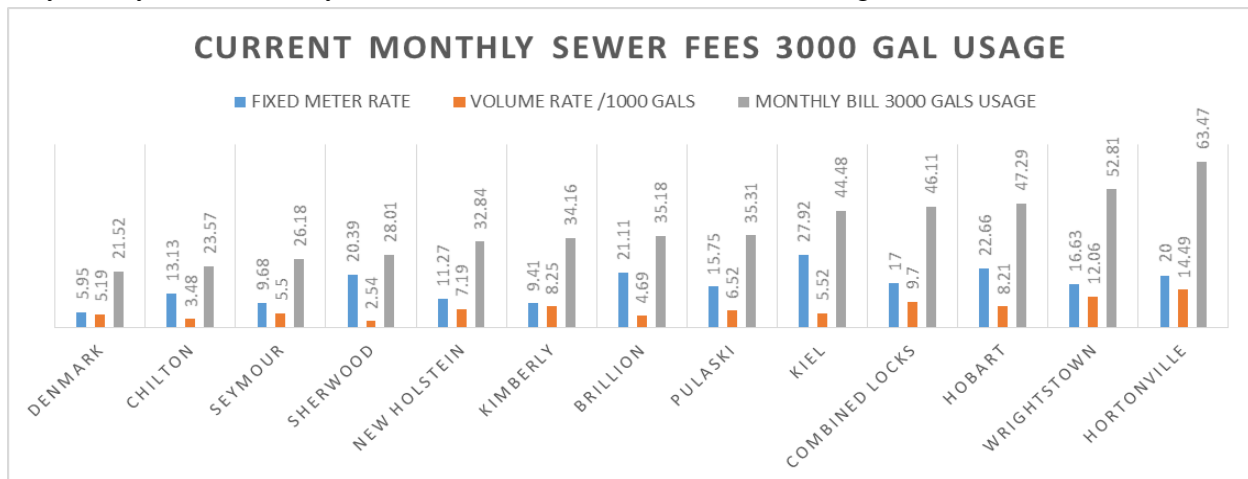
The process that got us to this sewer rate increase began over 5-years ago when the current WPDES permit, which was reissued effective October 1, 2017, was revoked, and reissued to include the TMDL based limits and an associated schedule for compliance with pending limits. An Operational Evaluation Report for effluent phosphorus was previously submitted to the Wisconsin DNR in October 2019. The Operational Evaluation Report concluded that compliance with future stringent effluent phosphorus limits is likely not achievable through further optimization of the existing WWTF. Additionally, a Compliance Alternatives, Source Reduction, Improvements and Modifications Status Report, was submitted to DNR in January 2020. The report concluded that given the treatment facility's age and lack of available reserve capacity for future growth, it is recommended that Seymour complete a Facility Plan in conjunction with the Preliminary Compliance Alternatives Plan, which was due to be submitted by September 30, 2020, as a part of the WPDES Permit Compliance Schedule.

The ramifications of stopping the Rate increase now would be:

1. The City would lose any costs incurred up to this point which include Facility Plan efforts and incurred engineering costs which combined total more than \$1,000,000.00.
2. The projected revenues for the sewer utility would fall short of making debt service payments related to the financing upgrades to the City's Waste Water Treatment Facility.
3. The City will be in violation of our WPDES (discharge) permit issued by the Wisconsin Department of Natural Resources. The City will be subject to daily finds up to \$10,000.00 per day for each day the City does not meet our discharge parameters. **THIS IS NOT AN OPTION.**

What Does This Proposed Rate Increase Mean to My Utility Bill?

Your water and sewer bill that you get from the City is based upon the amount of water used by you. The average home uses approximately 3,000 gallons of water per month which equates to an average sewer volume/meter charge of \$26.18, which does not include water charges. A comparison of regional sewer rates for like-sized communities is listed below and indicates the City of Seymour currently has the third lowest sewer rates in the region.



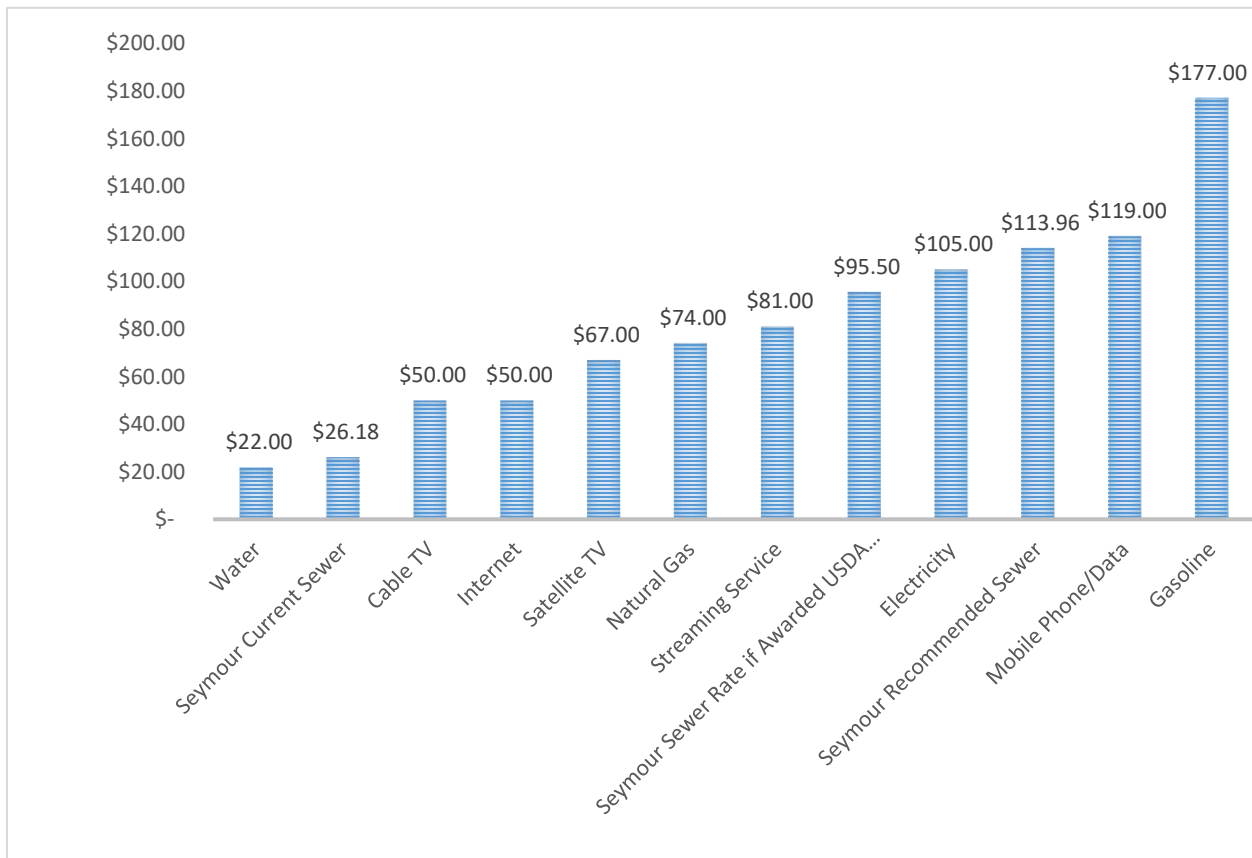
Unfortunately, due to more stringent DNR treatment requirements and the condition of our four-decades-old-plant, the City has no choice but to make capital upgrades to the treatment facility. The recommended sewer rate increase would increase the bill on 3,000 gallons of water to \$113.96 per month. **This is an average increase of \$87.78. It will not increase the water portion of the bill.**

Rates Increasing in other Wisconsin Communities

It is somewhat helpful to know that the City of Seymour is not alone. The nearby communities of Brillion, Chilton, and Sherwood as well as other communities in Wisconsin are being required to build new or expand existing wastewater treatment plants. As a result, the sewer rates in these communities will also be increasing. Based on a 2022 state-wide sewer rate survey **several communities are or will be paying more than \$100.00 per month for the sewer portion on their utility bill. Residents in the Town of Ixonia will be seeing a rate increase from \$49.00 per month in 2022 to \$155.00 per month in 2024.**

UTILITY MONTHLY COST COMPARISON

The average cost for residential sewer service varies greatly between communities statewide: however, on average, wastewater service remains one of the least costly utilities for the average household. The table below shows the average monthly cost per household for various utilities, and the average monthly cost per household for gasoline used by vehicles in 2022. On a statewide basis, the average cost per household for water service is the only utility less costly than sewer service. As you can see below, Seymour’s current average sewer charge is the second lowest monthly cost based on state-wide averages. Seymour’s recommended sewer charge will move this monthly utility cost to the third highest monthly utility cost based on the state-wide average. If the City of Seymour is awarded the maximum grant from the USDA-Rural Development Agency, the recommended sewer cost drops to the fifth highest monthly utility cost based on the state-wide averages. Please keep in mind that Seymour’s water and sewer services were maintained without interruption after the June 2022 storm event when the City as a whole lost electrical and cell phone services. This is not an attempt to mitigate the impact the sewer increase will have on rate payers, but rather points to the importance of the sewer utility on everyday lives in our community.



What Is the Proposed Rate Increase Paying For?

The proposed rate increase is expected to provide enough revenue from sewer fees for the utility to cover its operations and maintenance costs as well as Debt Service payments on an ongoing basis based upon DNR mandates, planned improvements, and inflation. It is not covering a one-time project or cost but ongoing payments and costs over 40-years.

Why Does the City Feel the Rate Increase Is Necessary, and What Other Options Were Considered?

Again, the sewer utility is expected to be a self-sufficient operation paid for by its rate structure. There is not an option to shift the debt to the tax levy; it must be paid for by the sewer rates. **Without this rate increase, the sewer utility would not be able to pay for itself.**

The following alternatives were considered:

A. NO ACTION ALTERNATIVE

The “No Action” Alternative consists of maintaining the status quo at the treatment facility. With this alternative, no improvements or modifications would be implemented.

The “No Action” Alternative is not a viable option because it will not allow the City to consistently comply with future stringent WPDES effluent phosphorus limits.

B. WASTEWATER TREATMENT ALTERNATIVES-COSTS

Capital costs, annual operation, and maintenance costs and the total present worth of each alternative evaluated are summarized below:

■ Preliminary Treatment

- In-Kind Headworks Improvements – **With Estimated Cost of \$4,112,700.00**

■ Secondary Treatment Alternatives

- Extended Aeration Activated Sludge System Retrofit – **With Estimated Cost of \$6,774,439.00**
- MBR Retrofit– With Estimated Cost of \$10,542,887.00

■ Tertiary Treatment Alternatives

- Disk Filters Retrofit– **With Estimated Cost of \$3,533,652.00**
- Continuously Backwashed Up-Flow Sand Filtration (New Construction) – With Estimated Cost of \$4,958,605.00

■ Solids Handling Alternatives

- Sludge Thickening– **With Estimated Cost of \$4,622,209.00**
- Stabilization, Dewatering & Cake Storage– With Estimated Cost of \$7,412,399.00

Based on opinions of probable costs for the proposed treatment options, it is recommended that the City proceed with the following WWTF improvements:

- upgrading the Headworks facilities.
- Retrofitting the two (2) existing 36-foot diameter center clarifiers to pre-anoxic basins.
- Rehabilitating the two (2) outer diameter donut-shaped aeration basins.

- Constructing two (2) new 50-foot diameter final clarifiers and RAS/WAS pumping facilities.
- Retrofitting exiting tertiary gravity filters with chemical conditioning and disk filters.
- Adding a mechanical sludge thickening.

The total capital cost for the approved Facility Plan is \$19,043,000.

Why Were Residents Not Notified Before Now of the Plan to Increase Sewer Rates?

The City conducts business all of the time on behalf of the residents of Seymour within duly noticed public meetings. The Facility Plan was discussed during a required Public Hearing on January 9, 2023. During that particular meeting the scope of the planned upgrades to the WWTF were discussed and approved by City Council. The estimated monthly rates contained in the approved Facility Plan were \$125.58. Subsequent to approving the Facility Plan, City Council contracted with MSA Professional Services to conduct a Cost-of-Use Study to determine appropriate rate structures to finance required upgrades to our treatment facility. The rate consultant presented the recommended rate schedule to the City Council during the July 24th Council meeting. The recommended monthly rate increase was lowered from the original plan at \$125.58 down to \$113.96. This reduction was due to the elimination of a secondary sludge holding tank thus lowering the overall project cost.

The public is encouraged to attend an informational meeting on August 28th to answer resident's questions regarding the Facility Plan and required sewer rate increase to cover associated debt. The meeting will be held in the Council Chambers on August 28, 2023 beginning at 6:00pm. Additionally, a public hearing will be held in the Council Chambers on October 9th beginning at 6:00pm regarding the City's Intent to Apply for USDA funds. A future public hearing will be held (date to be decided) prior to USDA obligating the funds to the City of Seymour. All are encouraged to attend these additional public hearings.

How Is the City Planning to Pay for Future Infrastructure Repairs and Upgrades?

The sewer utility has a budget for general repairs to sewer mains in its operations and maintenance budget. **If the City continues to add new customers, then it is conceivable that current rates could support financing future capital projects without the need to borrow.**

Wasn't There a Sewer Rate Increase in 2017? Do We Need to Expect a New Rate Increase Every Few Years?

The last sewer rate increase occurred on March 27, 2017. The rate increase approved at that time was 10%. As mentioned above, the conscientious efforts of our DNR certified Waste Water Operators extended the use of our current facility by an additional 21 years and in doing so have kept our sewer rates in check. Again, as evidenced above in the regional sewer fee survey of like sized communities, Seymour's sewer rates are the third lowest in the region. Unfortunately, due to more stringent DNR treatment requirements and the condition of our four-decades-old-plant, the City has no choice but to make capital upgrades to the treatment facility. This will be the only significant rate increase associated with plant upgrades. The City is not anticipating sewer rate increases for another 3-years. When these would occur, the increase would be tied to the Consumer Price Index.

We, as Council and staff understand that these increased costs will be a burden for many of our fellow citizens. Unfortunately, our 41-year old plant lacks the capacity and technology to meet new state discharge mandates. As such, these upcoming investments are unavoidable and cannot be put off any longer. The City is applying for a grant of up to 45% through the USDA to lower the impact of the sewer rate increase to no more than 2% of the Median Household Income for Outagamie County. If the City is successful in receiving a USDA grant, the recommended sewer rates listed above would be adjusted accordingly.