



*"...meeting community needs...enhancing quality of life."*

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Finance Department  
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Appleton, WI 54912  
920-832-6442

**TO:** Chairperson Vered Meltzer and Members of the Utilities Committee

**FROM:** Kelli Rindt, Enterprise Fund Accounting Manager

**DATE:** October 2, 2023

**RE:** *Approve wastewater rate increase of 7% for general service and special hauled waste service and increase compost fee to \$13/cu. yard to be effective January 1, 2024.*

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**BACKGROUND:**

The Utility Department contracted with Trilogy Consulting in 2020 to complete a comprehensive rate study that reviewed cash flow needs and recommended rate increases through 2026 to fund operations and future capital improvements. The study also established rates for Phosphorus and TKN (Total Kjeldahl Nitrogen) processing for high-strength quantity and quality customers.

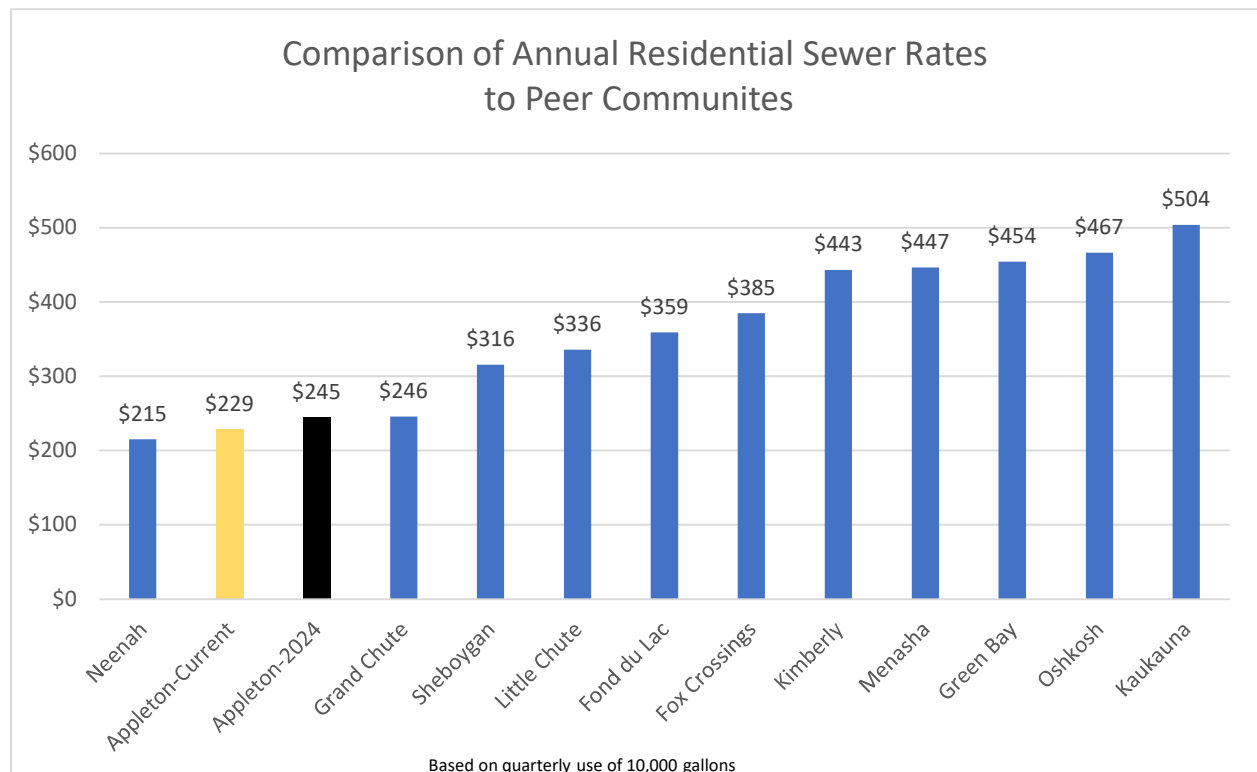
As part of the rate approval process in 2020 it was acknowledged, that future rate needs would be reviewed annually and would be presented to committee for approval. The planned rate increases of 4% for future years no longer provides the required revenue to meet cash flow needs and debt coverage. A rate increase of 4% was approved for January 1, 2022, and a 7% rate increase was approved for January 1, 2023.

**FINANCIAL REVIEW:**

The 2024 budget review has indicated the need to move forward with a 7% rate increase to meet cash flow and operating expense needs as presented in the proposed budget. The capital improvement plan continues to increase from the plan that was reviewed as part of the 2020 study. This increase is due to several reasons including: increased costs of projects, new projects for required replacement of aging equipment and the addition of a multi-year project to replace motor control equipment to ensure reliability of the power system at the treatment plant. In addition, costs for chemicals, supplies and repair parts continue to increase due to inflationary pressures.

The increase is projected to provide \$1.1M additional revenue in 2024 and continues to provide a reasonable rate for the service provided when compared to area communities. The average residential customer will see a quarterly increase of \$4 on the City service invoice.

Future rate increases will be reviewed annually and will be presented to committee for approval.



**COMPOST RATE INCREASE:**

The current compost rate of \$12 per cu. yard was effective January 1, 2023. The proposed fee increase to \$13 per cu. yard, will offset increased contractor fees to process compost and transport costs to deliver materials to the facility.

**RECOMMENDATION:**

Approve Wastewater rate increase of 7% as detailed on the attached rate sheet (attachment A) and increase compost fees from \$12 per cu. yard to \$13 per cu. yard. Should you have any questions regarding this project please contact me by phone: 832-6316.