

Village of Mukwonago Water and Sewer Rate Update

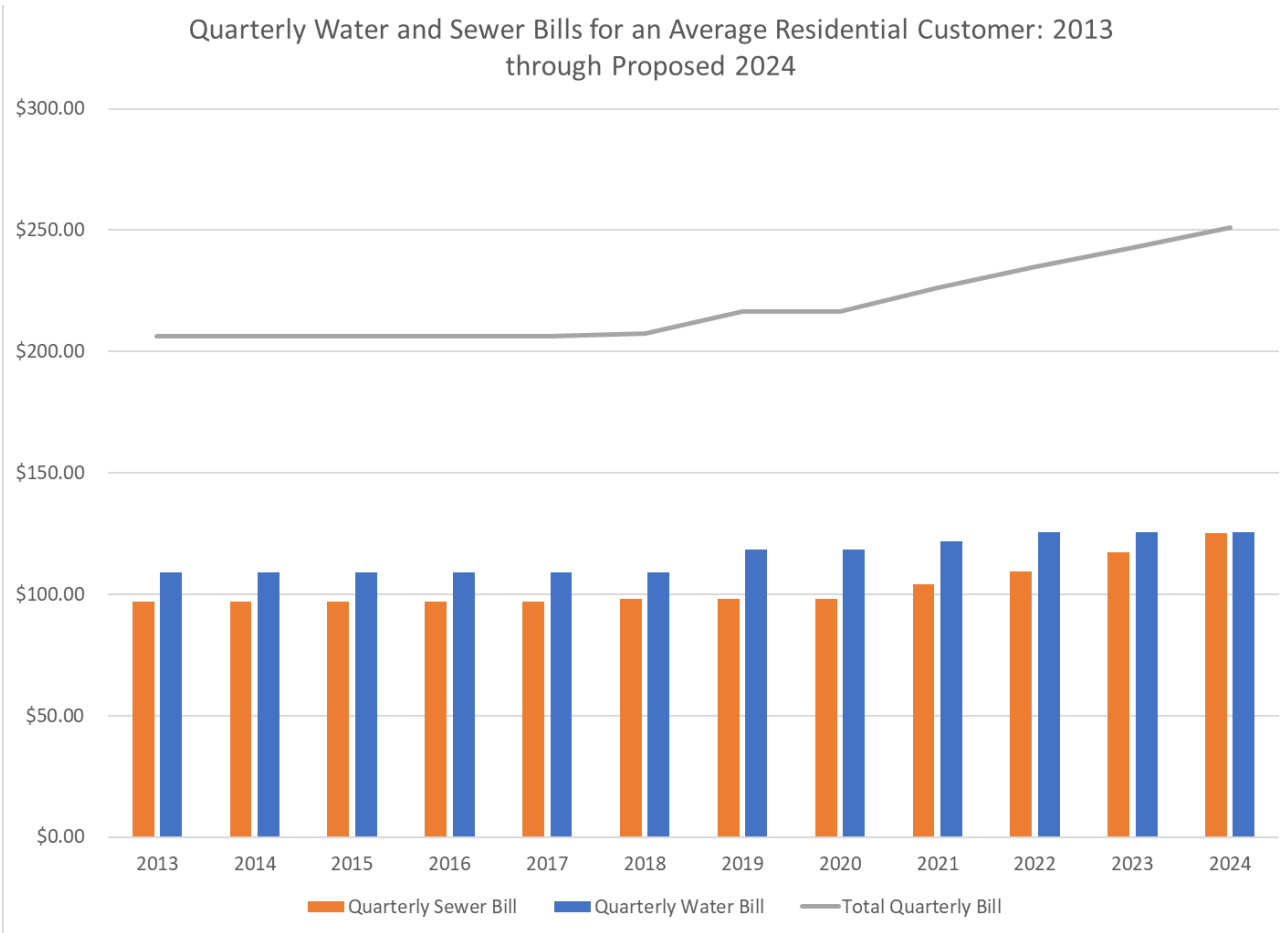
Committee of the Whole Meeting - March 6, 2024

Presented by Trilogy Consulting, LLC

Christy DeMaster



Past and Proposed Rate Increases



- ▶ **Water Utility**
 - ▶ 8.9% in 2019
 - ▶ 3% in 2021
 - ▶ 3% in 2022
 - ▶ Did not qualify for a Simplified Rate Increase in 2023 based on 2022 income
 - ▶ Might qualify in 2024 based on 2023 income
- ▶ **Sewer Utility**
 - ▶ 5% in 2021
 - ▶ 5% in 2022
 - ▶ 7% in 2023
 - ▶ 7% adopted for 2024

Customer Impacts

	Average Annual Water Bill	Average Annual Sewer Bill	Total Annual Water & Sewer Bill
Mukwonago - Current Rates	\$502.26	\$468.62	\$970.88
Mukwonago - With 0% Increase for Water, 7% Increase for Sewer	\$502.26	\$501.38	\$1,003.64
Impact on Quarterly Bill	\$0.00	\$8.19	\$8.19
Impact on Monthly Cost	\$0.00	\$2.73	\$2.73

Community Rate Comparison - Water

Community	Fixed Charge	Public Fire Protection Charge	Municipal PFP Charge per Customer per Year	Bills per Year	Volume Rate	Annual Usage	Units	Total Annual Water Bill
Elkhorn	\$10.00	\$13.60		12	\$7.30	6,150	ft ³	\$732.13
Columbus	\$13.50	\$12.65		12	\$4.71	6,150	ft ³	\$603.45
Waukesha	\$16.00	\$10.26		12	\$5.82	46,000	gallons	\$582.84
Mukwonago (current/proposed)	\$33.95	\$34.69		4	\$4.95	46,000	gallons	\$502.26
Jefferson	\$9.75	\$10.75		12	\$3.19	6,150	ft ³	\$442.18
Burlington	\$31.10	\$31.78		4	\$2.75	6,150	ft ³	\$420.64
East Troy	\$22.50	\$33.15		4	\$3.85	46,000	gallons	\$399.70
Whitewater	\$9.80	\$12.08		12	\$2.98	46,000	gallons	\$399.64
Palmyra	\$18.54		\$178.61	4	\$3.11	46,000	gallons	\$395.83
Milton	\$20.00	\$25.60		6	\$2.64	46,000	gallons	\$395.04
Hartland	\$26.57	\$29.97		4	\$3.46	46,000	gallons	\$385.32
Waterford	\$23.97	\$30.15		4	\$3.63	46,000	gallons	\$383.46
Dousman	\$24.00		\$155.34	4	\$2.75	46,000	gallons	\$377.84
Jackson	\$25.53	\$29.72		4	\$2.92	46,000	gallons	\$355.32
Grafton	\$20.86	\$10.10	\$40.26	4	\$2.68	46,000	gallons	\$287.38
Muskego	\$27.82	\$9.39	\$102.20	4	\$3.59	46,000	gallons	\$251.04

Community Rate Comparison - Sewer

Community	Fixed Charge	Bills per Year	Volume Rate	Annual Usage	Units	Total Annual Sewer Bill
East Troy	\$97.06	4	\$8.99	46,000	gallons	\$801.78
Waukesha	\$6.88	12	\$14.77	46,000	gallons	\$761.98
Whitewater	\$12.75	12	\$11.99	46,000	gallons	\$704.54
Elkhorn	\$23.85	12	\$6.35	6,150	ccf	\$676.71
Muskego	\$167.66	4	\$0.00		n/a	\$670.64
Waterford	\$79.96	4	\$7.47	46,000	gallons	\$663.46
Grafton	\$63.00	4	\$8.17	46,000	gallons	\$627.82
Columbus	\$17.10	12	\$6.34	6,150	ccf	\$595.09
Palmyra	\$33.81	4	\$9.71	46,000	gallons	\$581.90
Jefferson	\$30.00	12	\$3.20	6,150	ccf	\$556.79
Dousman	\$0.00	4	\$11.90	46,000	gallons	\$547.40
Mukwonago (proposed)	\$40.82	4	\$7.35	46,000	gallons	\$501.38
Mukwonago (current)	\$38.15	4	\$6.87	46,000	gallons	\$468.62
Jackson	\$47.72	4	\$5.04	46,000	gallons	\$422.72
Milton	\$12.00	6	\$6.72	46,000	gallons	\$381.12
Hartland	\$0.00	4	\$7.96	46,000	gallons	\$366.16
Burlington	\$28.84	4	\$3.10	6,150	ccf	\$306.00

Community Rate Comparison - Combined

Community	Annual Water Bill	Annual Sewer Bill	Total Annual Water & Sewer Bill
Elkhorn	\$732.13	\$676.71	\$1,408.84
Waukesha	\$582.84	\$761.98	\$1,344.82
East Troy	\$399.70	\$801.78	\$1,201.48
Columbus	\$603.45	\$595.09	\$1,198.55
Whitewater	\$399.64	\$704.54	\$1,104.18
Waterford	\$383.46	\$663.46	\$1,046.92
Mukwonago (proposed)	\$502.26	\$501.38	\$1,003.64
Jefferson	\$442.18	\$556.79	\$998.97
Palmyra	\$395.83	\$581.90	\$977.73
Mukwonago (current)	\$502.26	\$468.62	\$970.88
Dousman	\$377.84	\$547.40	\$925.24
Muskego	\$251.04	\$670.64	\$921.68
Grafton	\$287.38	\$627.82	\$915.20
Jackson	\$355.32	\$422.72	\$778.04
Milton	\$395.04	\$381.12	\$776.16
Hartland	\$385.32	\$366.16	\$751.48
Burlington	\$420.64	\$306.00	\$726.64
Average of Other Communities			\$1,005.06

Water Utility

The background features a complex, abstract design of overlapping, semi-transparent blue polygons. The colors range from a very light, pale blue to a deep, dark navy blue. The shapes are primarily triangles and quadrilaterals, creating a dynamic, layered effect that is most prominent on the right side of the image.

Current Financial Status of the Utility

- ▶ Reserve levels were \$1.9 million at year end 2022
- ▶ Reserves projected to increase to \$2.4 million in 2023
- ▶ Recommended reserve level (net of impact fees) is \$1.25 million
- ▶ Earned a 5.18% rate of return in 2022; projected to earn 5.12% for 2023
 - ▶ Current PSC benchmark is 6.50%
- ▶ Utility might qualify for a simplified rate increase in 2024 based on 2023 income
 - ▶ 4.1% increase

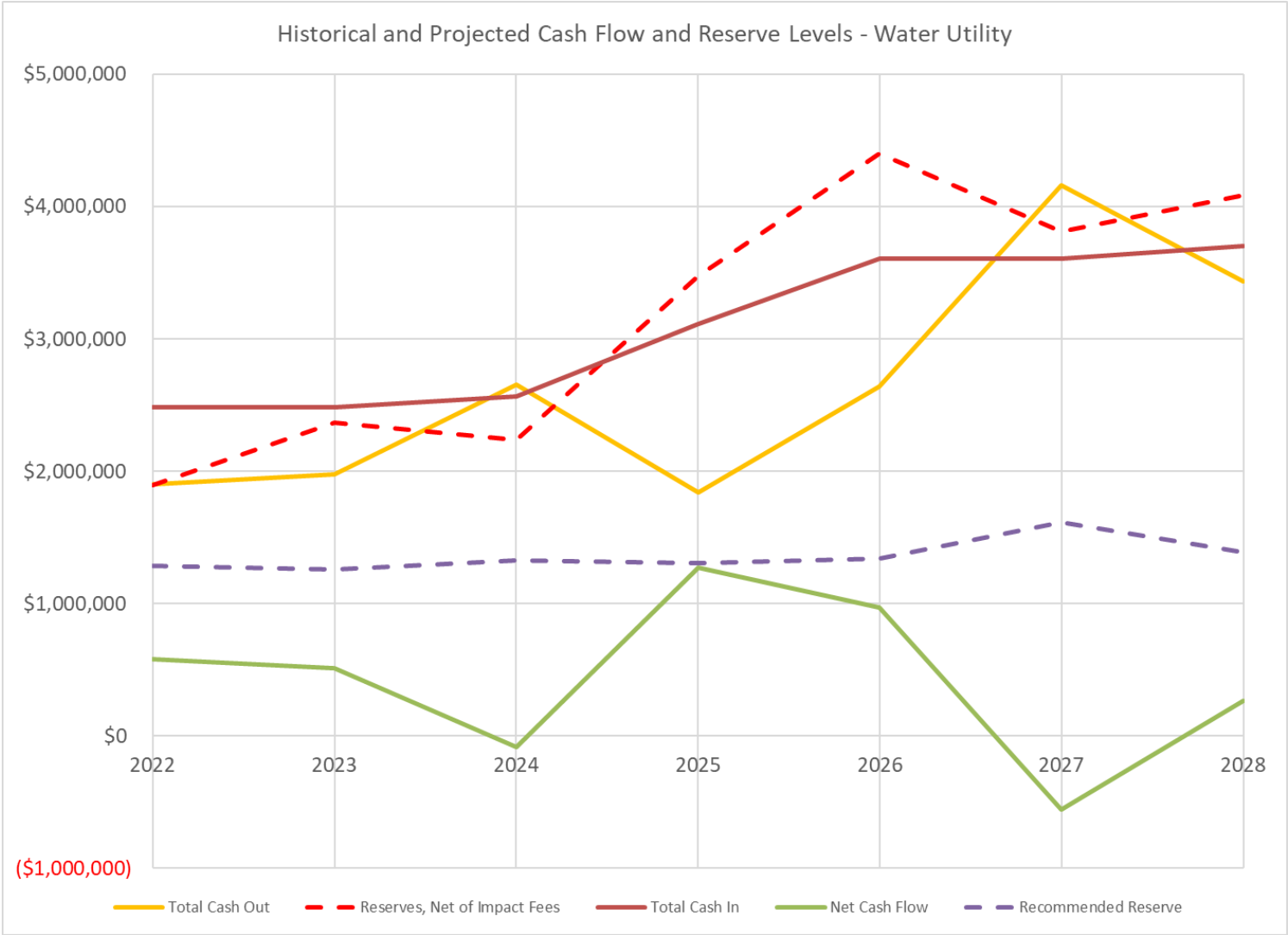
\$15.1 Million Planned and Potential Projects, 2024 - 2028

- ▶ Wells 3 & 4 HMO Treatment - \$7.78 million (\$421,000 ARPA)
- ▶ Water utility garage - \$6.65 million
- ▶ Elevated storage tank painting \$900,000
- ▶ Other projects / purchases
 - ▶ Pickup truck
 - ▶ Service truck
 - ▶ SCADA towers
 - ▶ Meters and meter reading equipment
- ▶ Beyond 5 years
 - ▶ Hwy 83 main relay
 - ▶ New water tower to serve south side development

Past and Projected Use of Utility Revenues

	Annual Average: 2019-2023	Annual Average: 2024-2028	Increase: 2019-23 v. 2024-28
Operation and Maintenance Expense	\$955,600	\$1,238,600	30%
Taxes	\$427,000	\$537,200	26%
Debt Service	\$620,400	\$729,600	18%
Cash Funded Capital	\$167,000	\$260,200	56%
Deposit to Reserves (Excl. Impact Fees)	(\$67,000)	\$344,400	-614%
Total	\$2,103,000	\$3,110,000	48%

Projected Future Rate Increases, Cash Flow, and Reserves



Sewer Utility

The background features a white space on the left and a complex, abstract geometric pattern on the right. The pattern consists of overlapping, semi-transparent triangles and polygons in various shades of blue, ranging from light sky blue to deep navy blue. The shapes are layered, creating a sense of depth and movement.

Current Financial Status of the Utility

- ▶ Reserve levels were \$3.2 million at end of 2022
- ▶ Reserves projected to decrease to \$2.3 million in 2023
- ▶ Recommended reserve level (net of impact fees) is \$1.8 million
- ▶ Upcoming capital projects are projected to significantly increase debt service

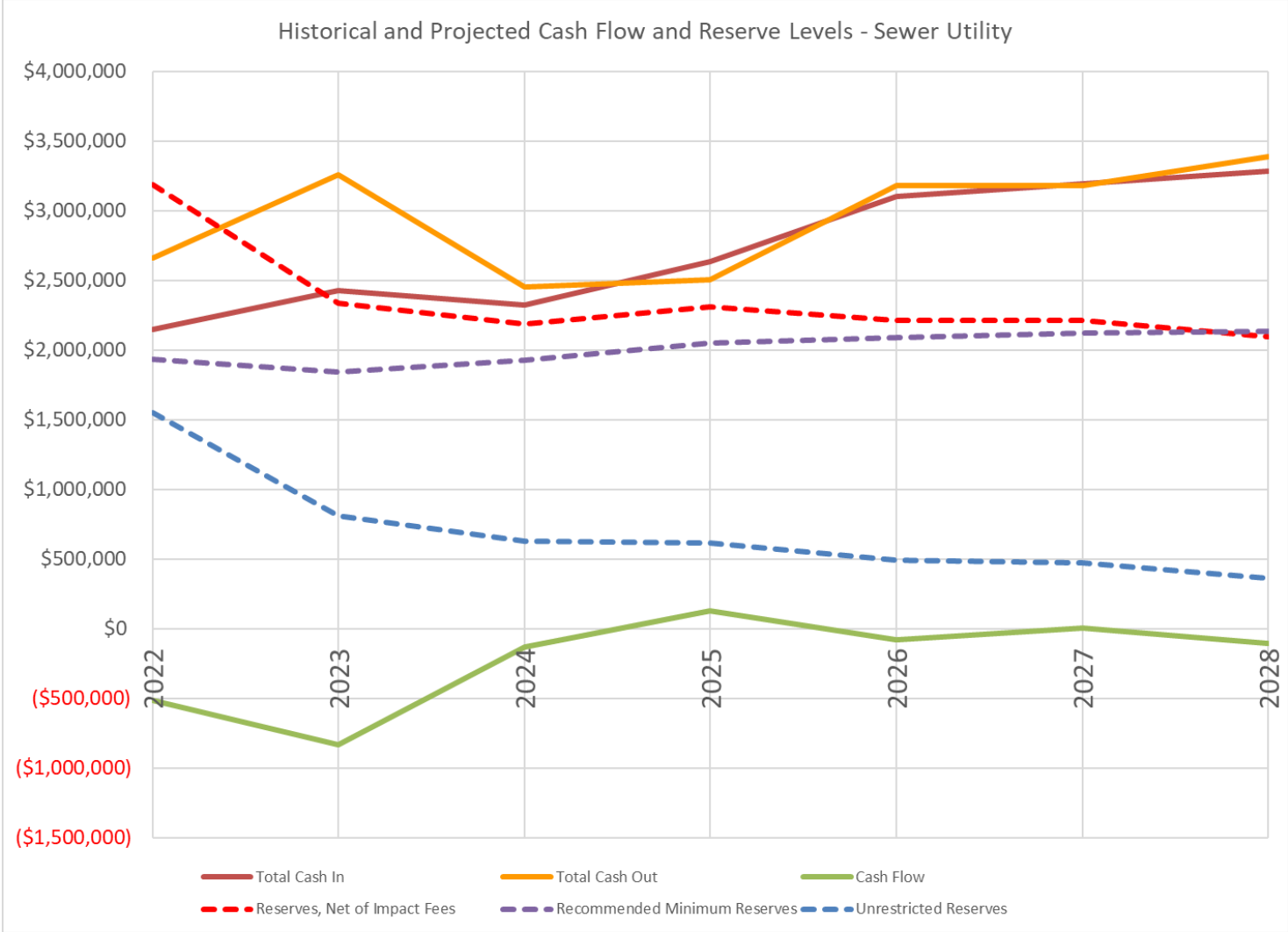
\$11.3 Million Planned and Potential Projects, 2024-2028

- ▶ WWTF Solids Handling & Storage - \$8.98 million
- ▶ DNR Mandated Adaptive Management - \$1.0 million
- ▶ Lake Area I&I Project - \$500,000
- ▶ Vactor/Jetter/Hydroexcavator, Plow/Dumptruck, Pickup Truck - \$770,000
- ▶ Beyond 5 years
 - ▶ Hwy 83 main relay
 - ▶ River Parks Sewer reroute
 - ▶ WWTF Expansion

Past and Projected Use of Utility Revenues

	Annual Average: 2019 - 2023	Annual Average: 2024 - 2028	Increase: 2019-23 v. 2024-28
Operation and Maintenance	\$1,147,000	\$1,510,200	32%
Debt Service	\$706,400	\$1,053,800	49%
Cash Funded Capital	\$601,200	\$380,000	-37%
Deposit to Reserves (excl. impact fees)	(\$354,200)	(\$240,350)	-32%
Total	\$2,100,400	\$2,703,650	29%

Projected Future Rate Increases, Cash Flow, and Reserves



Summary

- ▶ Water Utility
 - ▶ No increase now
 - ▶ Evaluate potential for simplified rate increase in May 2024 after the Annual Report is filed
 - ▶ Plan to apply for a full rate case next year to fund Wells 3 & 4 HMO project
- ▶ Sewer Utility
 - ▶ 7% increase for 2024
 - ▶ Plan for larger rate increases in 2025/2026 for the WWTF solids handling project
- ▶ Projections based on 4% inflation in O&M and no growth in customer sales
- ▶ Continue to monitor annually and adjust rates as needed