



**CITY OF WHEATON**  
**PO Box 868**  
**Wheaton, MN 56296**

**Phone: 320/563-4110**

**Fax: 320/563-4823**

## **Sewer Rates: Frequently Asked Questions**

### **Why have rates increased?**

The City must generate enough revenue to make two substantial loan payments in 2010, an added expense of more than \$135,000 per year. This debt is new, as a result of two projects:

- 1) Sewer Rehabilitation Phase II (paving complete Spring 2010)
- 2) Installation of Lift Station Pumps and New Line to Sewer Ponds

### **Why do these two projects now?**

**Sewer Moratorium is Limiting City Growth** - As you may have read in *The Wheaton Gazette*, the Wheaton City Council has been mandated by the Minnesota Pollution Control Agency to bring the operation of Wheaton's sanitary sewer system into compliance with state laws and regulations. The City is currently under a sewer extension moratorium, prohibiting the City from adding sewer mains to the existing system. This means that, if a property owner wishes to build a new home in an undeveloped area, we are unable to provide sewer service.

**Favorable Construction Prices** - The City benefited in several ways by doing projects this year. There were fewer-than-normal municipal infrastructure projects in the state of Minnesota. As a result, the City benefited from receiving *exceptionally* low bids from contractors for the two projects. In addition, lower fuel costs played a factor.

**Availability of Low-Interest Loans & Grants** - Every effort was made to place Wheaton in the best position to receive grants and low-interest funding, and this proactive approach resulted in financing through the Federal American Recovery and Reinvestment Act of 2009. Wheaton was offered a loan carrying 1.331% interest and a grant of \$412,000 in automatic principal-forgiveness. Wheaton is one of only 24 communities who received funding for sewer projects in the state of Minnesota. The Lift Station project is funded through another low-interest loan, at a rate of 1.067%.

### **How many sewer accounts are there?**

716 Active/"Turned-On" Accounts

62 Inactive/"Turned-Off" Accounts

Total Yearly Water Usage: 4,288,418 C.F.

**How has the sewer rate been calculated?** The rates for the sewer system are based on the expenses of the sewer system. Currently, no money is budgeted to save for capital improvement expenditures. *The sewer budget is composed entirely of operation, general maintenance and debt service costs.*

**Expenses** - The Sewer Funds Expenses are:

\$234,362	2009 Budgeted Expenses (75% of this budget - \$175,152 – is for loan payments)
\$370,619	2010 Budgeted Expenses (83% of this budget - \$308,829 – is for loan payments)

**Revenues - The Sewer Revenues are:**

	2007	2008	2009	
Jan	\$ 18,956.91	\$ 18,108.55	\$ 17,553.35	
Feb	\$ 19,868.16	\$ 17,673.27	\$ 17,621.86	
Mar	\$ 17,481.60	\$ 17,617.89	\$ 16,862.04	
Apr	\$ 17,636.17	\$ 17,142.45	\$ 16,900.46	
May	\$ 18,649.06	\$ 18,251.75	\$ 19,620.55	
Jun	\$ 19,291.79	\$ 18,277.68	\$ 19,018.68	
Jul	\$ 20,564.94	\$ 19,500.89	\$ 20,055.75	
Aug	\$ 20,994.46	\$ 19,923.56	\$ 19,573.85	
Sep	\$ 20,782.48	\$ 19,250.68	\$ 31,435.55	*Rate Change
Oct	\$ 18,320.55	\$ 17,994.22		
Nov	\$ 19,076.27	\$ 17,576.15		
Dec	\$ 18,715.59	\$ 17,319.57		
Totals	\$230,337.98	\$218,636.66		

**\$370,619.00 Revenue Needed for 2010**

Estimated Sewer Usage Revenue  
 $\$300,189.26 = \text{Total Water Usage (4,288,418)} \times \text{Rate per C.F. } (\$0.07)$

Estimated Sewer Base Fee Revenue  
 $\$ 84,024.00 = \text{Accounts (778)} \times \text{Base Fee } (\$9.00)$

**\$384,213.26 Maximum Revenue\* to be Generated 2010**

\*Based on experience with increased water rates, water usage will decrease as the price increases. The City fully anticipates that the amount of revenue will be less than \$384,213.26. Additionally, many of the "inactive" properties are vacated and forfeited properties, so no revenue will be generated from the base fees for a period of up to 7 years, depending on where in the tax-foreclosure process the properties are.

**Why are homes that have had the utility services turned-off (ie, inactive accounts) now being charged a sewer base fee?**

**Uninhabited properties are increasing.** We have seen an increase in the amount of properties whose utilities are "turned-off." Without people living in these homes, the City is unable to generate enough revenue to cover the cost of maintaining and replacing the infrastructure to these uninhabited properties.

**Uninhabited properties are a factor in the design of the Sewer Treatment Plant.** The City is required to design its wastewater treatment system to meet the potential needs of the City, based on the number of households. Uninhabited or not, these households are used to determine the size of the lift station pumps and sewer ponds.

**Unoccupied homes do contribute wastewater.** A large proportion of the homes in the City have floor drains and tiling that connects directly to the wastewater treatment system. This "clear" water is being transported to the treatment plant and ultimately to the sewer ponds.