



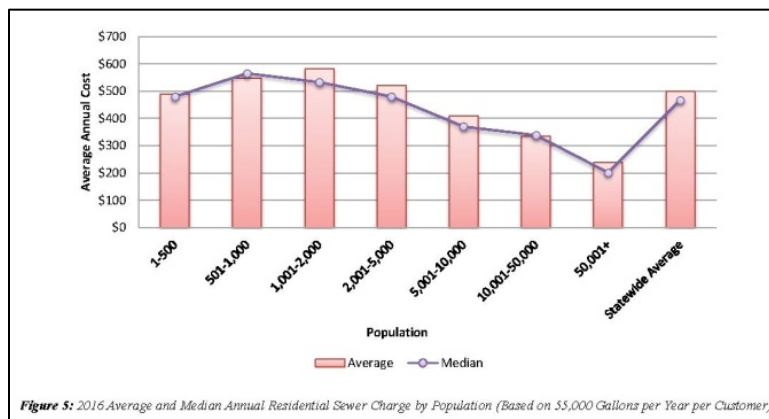
November 8, 2018

Dear Town of Verona Sewer Utility District Customer:

As you may recall, your property is part of the Town of Verona's sewer utility district. This district is funded separately from the Town's general fund; its operation is entirely dependent on user fees collected from residents who benefit from the system. Many years ago, we realized that fees were not keeping up with expenses. In fact, there were periods when the collected fees were inadequate to cover wastewater treatment and management of the system. In response, rates have been increased over a multi-year period to pay for basic expenses as well as preventive maintenance to ensure the functionality of the system in the future.

The district meets its obligations through two accounts: an operating account and reserve account. For several years we have been required to fund the operating and maintenance costs by transferring money from the reserve account. This year, rates are adequate to end the practice of depleting the reserves; however, we also need to replenish those funds. Annually, we also deal with three variables that cannot be easily captured in the budget: unexpected repairs, the actual cost of treatment of the waste water, and unpaid fees. In 2017, we had a basement backup at one residence for which four sections of buried pipe were cleaned as a precaution; that unscheduled expense added \$1,125 to the \$18,046 to be moved from reserves as part of the budget. Likewise, heavy rains revealed that the lid for Manhole #9 between Goose Lake and the Military Ridge Trail is below grade. To raise that manhole by adding and extension and to cover all other non-budgeted expenses, the total in 2017 to be moved from the Reserve Account totals \$23,339 compared with the \$18,046 in the 2017 budget. Although Dane County attempts to collect delinquent fees owed to the Town, some accounts remain delinquent. Ultimately, the delinquent accounts will be paid; we simply do not know when.

At the October 20, 2017 Town of Verona Financial Sustainability Committee meeting, the members discussed the ongoing financial challenges faced by the Utility District. As they did in 2016, they once again reviewed the average single family residence base rate published in The Cost of Clean: 2016 Wisconsin Sewer User Charge Survey that was published by MSA Professional Services in October 2016. Systems serving a comparable number of customers to ours charge \$490 on average for the base residential rate per year; by comparison, our 2017 rate is \$373 per year.



The Financial Sustainability Committee requested that I prepare the table below that assumes three rate increases to the base rate.

Range of Possible Sewer District Fees for 2018					
Unit type	current annual fee		\$100 increase to base	\$120 increase to base	\$140 increase to base
single family	\$ 373.00		\$ 473.00	\$ 493.00	\$ 513.00
duplex	\$ 652.75		\$ 827.75	\$ 862.75	\$ 897.75
3 unit	\$ 839.25		\$ 1,064.25	\$ 1,109.25	\$ 1,154.25
4 unit	\$ 1,119.00		\$ 1,419.00	\$ 1,479.00	\$ 1,539.00
8 unit	\$ 2,238.00		\$ 2,838.00	\$ 2,958.00	\$ 3,078.00
commercial	\$ 403.00		\$ 503.00	\$ 523.00	\$ 543.00
Income based on # of units	units				
single family	93		\$ 43,989.00	\$ 45,849.00	\$ 47,709.00
duplex	11		\$ 9,105.25	\$ 9,490.25	\$ 9,875.25
3 unit	2		\$ 2,128.50	\$ 2,218.50	\$ 2,308.50
4 unit	3		\$ 4,257.00	\$ 4,437.00	\$ 4,617.00
8 unit	1		\$ 2,838.00	\$ 2,958.00	\$ 3,078.00
commercial	5		\$ 2,515.00	\$ 2,615.00	\$ 2,715.00
Total Units	115				
	\$ 51,157.75		\$ 64,832.75	\$ 67,567.75	\$ 70,302.75
new quarterly amount \$118.25 times .75	\$100 increase	\$118.25 \$88.69			
new quarterly amount \$123.25 times .75	\$120 increase	\$123.25 \$92.44			
new quarterly amount \$128.25 times .75	\$140 increase	\$128.25 \$96.19			

The Utility District Commission will discuss and adopt the best strategy for addressing much needed repairs and rebuilding the Capital Reserve Fund for future costs ping the Annual Public Hearing for the Utility District that is scheduled for 6:30 PM on Tuesday, November 21, 2017. The Public Hearing and Utility District meeting to follow will be held at the Town of Verona Hall located at 7669 County Highway PD. You are encouraged to attend and learn more about issues being faced. If you have questions, please feel free to contact me at (608) 807-4466 or jwright@town.verona.wi.us.

Sincerely,

John Wright
Clerk/Treasurer