

The new \$7.25 million wastewater treatment facility (WWTF) is being financed through the Clean Water Fund (CWF). The CWF program is administered by the Department of Natural Resources (DNR). It provides low-interest loans to municipalities for wastewater treatment facilities and storm water runoff projects. The DNR is also using the CWF as the mechanism for handling federal funds received from the American Recovery and Reinvestment Act of 2009 (ARRA), also known as stimulus funds.

The Project Evaluation and Ranking Form (PERF) includes information on the WWTF design, changed effluent compliance limits, and a consistency with local resources management plan. Our WWTF project ranked high enough on the Funding List to be eligible for ARRA Funds.

The ARRA requires that the money be given as a grant; whereas, the pre-existing CWF program provides loan. The combination of the two programs results in the ARRA funds being distributed as a forgivable loan. The ARRA funds will cover half of the project costs, about \$3.6 million. A low-interest CWF loan will cover the other half. To minimize accruing interest expenses, we are drawing on the ARRA funds for construction before using the traditional CWF funds.

Because Evansville submitted its notice of Intent to Apply to the CWF during the state's 2009 fiscal year, we are eligible for a CWF loan at 55% of market rate rather than a slightly higher 60% of market rate for projects submitted in the 2010 fiscal year. For us, this means the CWF loan will be spread over 20 years at 2.668%.

One requirement of the CWF is that sewer rates need to be sufficient to cover operation, maintenance, equipment replacement, and debt service on the facility. Evansville's rates had remained unchanged since January 2001. According to a rate survey by MSA Professional Services, when comparing sewer rates with municipalities in the region and with similarly-sized municipalities throughout the state, Evansville was consistently in the bottom tier for customer expense. So updating sewer charges was one reason for updating the city's sewer ordinance.

The Public Works Committee considered a number of factors in reviewing the proposed rate increase. Their recommendation to the City Council was to include 60% of debt service costs in the metered rate. This would help encourage water conservation as well as ensure equity among different sized residential households. In October, 2009, the City Council approved increasing the rates effective January 1.

Sanitary sewer rates increased January 1, 2010, from \$3.75 to \$5.52 per month base charge (residential meter) and from \$2.21 to \$3.48 per 100 cubic feet of metered water use. Due to the timing of meter reading and billing, the new rates will likely first occur on the bills mailed in late February or early March.

For a small household using 30,000 gallons of water per year, the annual cost would increase from \$134 to \$217. For a large household using 60,000 gallons of water per year, the annual cost would increase from \$222 to \$371. Compared with other municipalities, the new rates are above average, but still not in the top tier for customer expense.

Another requirement of the CWF is that sewer rates need to reflect a proportional distribution of charges among users and user classes. This is partly addressed by charging greater monthly base charges for buildings with larger meter sizes under the new rate schedule. And it is partly addressed by calculating costs for oxygen demand, suspended solids, and nitrogen occurring in greater concentrations than normal, domestic-strength wastewater.

These high-strength or industrial surcharges are not expected to affect existing businesses. But they do position Evansville for potential development in the future. For example, if a “wet process” industry were to open here in the future, then it would be much easier to address their waste needs with the appropriate regulations and charges already in place.

The other, related reason for updating the sewer ordinance was to provide better enforcement of the system’s requirements. In the case of industrial users, the updated ordinance clearly allows the city to require installation and operation of monitoring and testing facilities to measure their high-strength waste. The ordinance also provides more robust regulations for accidental discharges into the waste stream.

Yes, rates are going up as necessary for much needed improvements to the WWTF. Wastewater treatment is a basic and necessary service. And it requires sound fiscal decisions to ensure its operation and benefit to the entire city over several decades.