

## **Waverly- Frequently Asked Questions about the Water/ Sewer Charges**

### **How often if the meter read? How are they read? When do you bill?**

Water meters are read once every month as close to the 10<sup>th</sup> as possible. The meters are read electronically as one of the maintenance crew drives past your home with an electronic meter. The bills are sent as close to the 15<sup>th</sup> of the month as possible and they are due by the 10<sup>th</sup> of the following month.

### **How is my bill calculated?**

The meter reading reports your water usage to the nearest 1000 gallons. For example, if your actual use is 1,498 gallons the meter reading will report that you used 1,000 gallons. If your actual usage is 2,550 gallons, the meter reading will report your usage at 2,000. Over time this will average out.

You are then billed on an amount derived from subtracting the current reading from the previous month's reading. The difference is the amount you are charged for in the current month. Both water and sewer charges are based on this amount.

### **Why do I have to pay sewer charges on water used outside?**

You have only one meter that measures your water usage. We have no way to measure the amount of material that you put into the sewer system, nor can we know how the water is used, so all charges must be based on the one thing we can measure – water use.

You can avoid paying sewer charges on water that you use for any outside use by installing a second "irrigation" meter that will measure the amount of water used outside. You will be charged for water only for the amount measured by this second meter.

### **Do other cities bill both water and sewer based on water consumption?**

Yes, cities have no way of cost effectively measuring water and sewer separately and thus bill both water and sewer based on water consumption.

### **What does a second "irrigation" meter cost?**

The cost of a second "irrigation" water meter is listed in the current annual fee schedule.. These are available at the city office. You will have to pay a plumber to install the meter and then ask the city office to send a representative to your home to initialize the meter. From April to October (a six month period) you will be billed a base charge (\$12/month) plus a water charge for any water used and measured by this meter. From November to March you will pay nothing for this meter.

The meter can be purchased from the city on the installment plan – you can pay for the meter over a six month period.

### **Why doesn't Waverly have our own waste water treatment plant?**

Until 2002, Waverly did have our own waste water treatment plant but it was old and needed significant and expensive repairs to bring it up to required standards. In the 1990's the Minnesota Pollution Control Agency (MPCA) began to require that waste water treatment plants for smaller cities be regionalized (or consolidated) when new or expanded plants were required. MPCA would no longer give permits to each small city to operate their own and when it became necessary for Waverly to upgrade our own plant MPCA would not give us permission to do so. Instead, the MPCA required Waverly to join with Montrose to construct a new plant. As Montrose had more suitable land available the plant was constructed in Montrose.

The Council in office at that time chose not to take part ownership of the waste water treatment plant and, instead, entered into a 20 year agreement with Montrose (2002-2022) to take and treat wastewater from Waverly.

### **Will Waverly build its own waste water plant after our contract with Montrose is over?**

This is a moot point, as the MPCA would not allow Waverly to do this, even if land were available which it is not and funds were available, which are not. But, residents must remember, having our own plant would only serve to increase not decrease sewer bills. Our own waste water plant would cost literally millions to build (with associated debt payments) and then we would have significant annual operating costs that would include additional staff. It is impossible to estimate what sewer charges would be, however we can say with absolute certainty that they would be much, much higher.

Is there an alternative to Montrose? Waverly could negotiate a contract with the Howard Lake, Maple Lake, Annandale system, but that would require building a very expensive pipeline between Waverly and Howard Lake giving up already constructed infrastructure between Waverly and Montrose. Again, payment on this debt would add to already high costs.

Of course, The Council in office at the time will make the decision on the best methods available to treat waste water. Cost and practical considerations will guide that decision.

### **Why are my water rates so high? What am I paying for?**

It is expensive to operate and maintain a water system to the high standards not only required by the State but expected by you, our residents. Your fees pay for these costs which include: wages that are applicable to operating and maintaining the system - maintenance and repairs of water pumps, water pipes, and all the equipment needed to deliver your water to your home; maintenance of the water tower (this requires regular cleaning and repairs when needed); all chemicals required to treat the water before it is delivered to you; costs of regular water testing; meters; the cost of reading your meter and billing for service. (These costs are about 40% of the costs incurred by the City to run the water system.)

Your fees also go to cover interest and principal payments on the long term debt that the City has incurred to pay for the water tower, and to pay for improvements and make long term repairs to the water system in several areas of the city. Approximately 60% of our water related expenses in 2016 went for debt and interest charges.

It is important to note that UNLIKE MANY CITIES, Waverly **DOES NOT ASSESS INDIVIDUAL PROPERTY OWNERS** for improvements/ repairs in any of our utility systems or our roads. All rate payers share in the costs both current and long term. As a result rates may be higher, but you do NOT have a special assessment on your taxes for this work.

### **Is the interest on our debt as low as it can be? Why don't you refinance at a lower rate?**

Over the past several years, as interest rates have come down, the Council has refinanced all of our older debt issues at lower interest rates. Interest rates on new debt incurred in the last few years is also at a very low rate, in part due to our high S&P rating of "A-". This is considered to be a very strong rate for a city of our size. At this point in time, we do not have any bonds that can be refinanced – we have as low a rate on every bond issue as is possible.

### **What is "I and I" and how can it be reduced?**

"I and I" or inflow and infiltration is essentially ground water that leaks into the sanitary sewer system and is then transported to the waste water treatment plant for treatment. It is clear water that should be going into the storm water system but does not.

"I and I" water gets into the system in many ways. If sump pumps are not operating and water goes down your basement drain, this is "I and I". If your home does not have a sump pump, but does have drainage pipes around your home, ground water can get into the system. If there are leaks in the sewer pipes leading to your home, or are leaks in the main system, ground water can get in. All this ground water goes to Montrose and Waverly residents pay for treatment – needed or not. These excess treatment charges are reflected in the rates you pay for sewer.

What can be done about "I & I?" "I and I" can never be completely eliminated. Waverly has done two things to lower the amount of "I & I" put into the sewer system. First, we required that all homes with sump pumps be inspected to make certain that the pump was correctly hooked up and operating. This was done and continued compliance by everyone with a sump pump has reduced the amount of "I and I" from that source.

Homes with no sump pump present a different problem. Because it can be very expensive to fix leaking sewer pipes around an older home, Waverly passed a "point of sale" ordinance that requires that all homes be inspected for compliance upon the sale of the home – if pipes are found to be leaking, they must be repaired at the time of the sale. Over time, this should be of some help, but, until the sewer system around the lake is fully replaced, "I and I" will continue to be a problem,

### **Why are we paying Montrose?**

As explained previously, when Waverly's waste water plant became obsolete in the late 1990's and had to be replaced, the MPCA required Waverly and Montrose to join forces in the construction and operation of a waste water facility. Because Montrose had more land available the plant was located in Montrose. Our sewer rates include a "Montrose" rate that goes directly to Montrose to pay for processing our wastewater. The rate paid to support the Montrose plant is IDENTICAL to the rate paid by Montrose residents for this service.

**Do any of my property taxes go to support any of the cost associated for our water and sewer system?**

A portion of your property tax goes to pay the debt for our sewer system. As of 2017 the city does not include anything for payment of water debt in the levy. This may change in the future as water projects are completed around the Lake.

**Why doesn't the Council reduce our rates?**

By law, the water and sewer funds are supposed to be self-funded – in other words funded entirely by fees paid for service. A city can include money to pay for a portion of the water/sewer debt in the property tax levy, but cannot levy for operating costs. By law also, fees should cover all costs and the funds should maintain at least a small surplus.

Unfortunately, while the water fund is in relatively good shape and is, at present, self-supporting, the sewer fund continually runs a long term deficit. If water rates were lowered the water fund would begin to run a deficit. Sewer rates actually should be higher than they are to fund sewer operations, but the Council has chosen to a) levy for a small portion of the sewer debt payment and b) to run a deficit in the fund rather than raise rates.

It should be pointed out, that water rates have not been raised since 2009 and Waverly sewer rates have only been increased once since 2009. It should also be noted that Waverly does not assess individual residents for projects in their neighborhoods. If that policy were to be changed, rates might be reduced, but property taxes – due to assessments – would have to go up probably significantly in some areas.