



COMMISSION FILE NO: 24-147-11 **DATE INTRODUCED:** November 4, 2024

INTRODUCED BY: Executive Director (Signature on File in the Office of the Commission)

REFERRED BY COMMISSION CHAIRPERSON TO: Policy, Finance, and Personnel Committee

RELATING TO: Update of Cost Recovery Procedures Manual, Including 2025 User Charge Rates

SUMMARY:

The Commission is requested to adopt revisions to Sections 1, 2, 3, 10, 11, 12, 13, and 14 and the attached tables (2-1, 3-1 through 3-5, and 5-1) of the Cost Recovery Procedures Manual (CRPM), including 2025 User Charge Rates. The Commission is also requested to authorize the Executive Director to transmit the CRPM to the User Charge Administrator of each municipality served by the District.

The estimated average household charge for District member and non-member communities is expected to increase 12.9% in 2025. The following table summarizes the estimated annual residential user charge over the last five years.

YEAR	ESTIMATED AVERAGE HOUSEHOLD CHARGE PER YEAR	PERCENT CHANGE FROM PRIOR YEAR
2025	\$187.91	12.9%
2024	\$166.49	3.9%
2023	\$160.28	5.5%
2022	\$151.89	3.1%
2021	\$147.36	1.9%
2020	\$144.63	3.1%
2019	\$140.22	2.1%

ATTACHMENTS: BACKGROUND KEY ISSUES RESOLUTION
 FISCAL NOTE S/W/MBE OTHER CRPM

*PFPP_User_Charge_Rates_2025_legislative_file.docx
 10-11-24*

COMMITTEE ACTION: _____ **DATE:** _____

COMMISSION ACTION: _____ **DATE:** _____

SUMMARY (Cont'd)

Update of Cost Recovery Procedures Manual, Including 2025 User Charge Rates

The CRPM is a document incorporated by reference in Chapter 17, District Rules and Regulations, which presents specific policies and procedures for the administration of the User Charge Program. An annual update of this manual and revisions to eight sections are required to assure that the collection mechanism for the Operations and Maintenance Budget is based on current data.

KEY ISSUES

Update of Cost Recovery Procedures Manual, Including 2025 User Charge Rates

The staff requests adoption of the following revised Sections and Tables:

Section 1	Equivalent Residential Unit
Section 2	Residential Occupancy Factors, Table 2-1
Section 3	Unit Process - Parameter Relationships, Tables 3-1 - Tables 3-5
Table 5-1	Municipal Wholesale Billings – Table 5-1
Section 10	Unit Costs of Treatment
Section 11	Pretreatment Program and Monitoring Charges
Section 12	Late Payment Penalty
Section 13	Charges for Special Wastes
Section 14	Household Hazardous Waste Program Costs

A brief explanation of the revisions to those sections affecting 2025 User Charge Rates and billings is as follows.

Section 1: Equivalent Residential Unit (ERU)

Water consumption is projected to be 49 gallons per capita per day in 2025, as compared to 48 gallons per capita per day in 2024 (Schedule B).

Section 2: Residential Occupancy Factors

This includes an updated table of residential occupancy factors based on current population and household unit data in each municipality. Table 2-1 lists people per unit for 2024 and 2025. This factor is used in the formula for calculating the wholesale residential bill to each municipality.

Section 3: Unit Process - Parameter Relationships

The District's User Charge System allocates operation and maintenance costs of each unit process, including all supporting activities, to four user charge parameters, flow, biochemical oxygen demand (BOD), total suspended solids (TSS), and connections from other sources, and adjustments to account for surpluses or deficits on each parameter in 2023 carried forward to 2025.

Table 3-3 summarizes the 2025 budgeted dollars by watercourse and green infrastructure and the municipalities affected by each watercourse and green infrastructure. Table 3-4 portrays the total flow rate by adding the base flow rate (Table 3-2), watercourse rate (Table 3-3), and the green infrastructure rate (Table 3-3). In addition, Table 3-4 reports the volumetric charge and average household charge. Table 3-5 shows the current status of the User Charge Stabilization Fund.

KEY ISSUES (Cont'd)

Update of Cost Recovery Procedures Manual, Including 2025 User Charge Rates

Table 5: Municipal Wholesale Billing

Table 5-1 contains the Schedule for Transmission of User Data for each municipality for the year 2025. This schedule was provided to each of the Municipal User Charge Administrators within the past month for review and comment.

Section 10: Unit Costs of Treatment

This section contains the derivation of 2025 User Charge Rates. Projected 2025 wasteloads are listed for each parameter. Dividing budgeted dollars by these wasteloads yields rates for each parameter. The old and new rates are as follows:

	<u>2024</u>	<u>2025</u>
Flow (Base Rate):	\$1.81534/1000 gallon	\$1.64280/1000 gallon
Flow (Rate By Community):	See Table 3-4	See Table 3-4
BOD:	\$0.11814/pound	\$0.11616/pound
TSS:	\$0.21608/pound	\$0.21742/pound
Connection Charge:	\$38.74/year	\$60.14/year

Section 11: Pretreatment Program and Monitoring Charges

This section contains the annual fees for waste strength verification, sampling, and laboratory tests to recover the technical, monitoring, and laboratory costs of administering the Industrial Waste Pretreatment Program.

Section 12: Late Payment Penalty

This section contains the rate charged for a late payment penalty for the year 2025.

Section 13: Charges for Special Wastes

Septic and Holding Tank Waste

Staff recommends that the disposal rates remain unchanged from 2024 to 2025 at \$44.65 per thousand gallons for holding tank waste, at \$58.50 per thousand gallons for septic tank waste, and at \$375/vehicle for permit fee. These costs provide for recovery of treatment costs and capital costs, but only a portion of the program administration and compliance costs.

KEY ISSUES (Cont'd)

Update of Cost Recovery Procedures Manual, Including 2025 User Charge Rates

Rates for Groundwater Discharge

During 2025, staff recommends a rate of \$2.65 per 1,000 gallons (\$0.00265/gallon), as compared to \$2.65 per 1,000 gallons in 2024.

Rates for Beneficial High Strength Waste

During 2025, the rate to discharge beneficial high strength waste at the South Shore Water Reclamation Facility to be used for anaerobic co-digestion will be \$0.04 per gallon, unless otherwise negotiated by contract. This is same rate as in 2024.

Miscellaneous Special Waste

This section contains how the District will establish charges for special waste according to District Rules, sec. 17.211.

Section 14: Household Hazardous Waste Program Costs

This section reflects the recovery of a separate municipal charge for Household Hazardous Waste Program costs. The actual costs incurred in operating the Household Hazardous Waste Program will be billed to each community on the basis of residential units. The Household Hazardous Waste Program Charge for 2025 will be billed to each participating community on or before March 1, 2026, and payable by April 1, 2026.

RESOLUTION

Update of Cost Recovery Procedures Manual, Including 2025 User Charge Rates

RESOLVED, by the Milwaukee Metropolitan Sewerage Commission, that the revisions to Sections 1, 2, 3, 10, 11, 12, 13, and 14 of the Cost Recovery Procedures Manual, including revisions to Tables 2-1, 3-1, 3-2, 3-3, 3-4, 3-5, and 5-1 (attached), are hereby adopted for the calendar year 2025, and that the Executive Director shall incorporate these revisions and transmit the Cost Recovery Procedures Manual to the User Charge Administrator of each municipality served by the District.