

SHETEK AREA WATER & SEWER DISTRICT

2500 28TH STREET, PO BOX 57, SLAYTON, MN 56172

March 15, 2020

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For maintenance issues,
please call: Dave Brown
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Avoid Late Fees by signing up for Automatic Payments

After the rate increase, there were quite a few payments made for the incorrect amount. Many of these were related to bank generated checks. Avoid future mistakes and potential late fees by signing up for automatic payments. If interested, please call the Murray County Auditor's Office at 507-836-1153.

What's that 'Debt Surcharge' listed on my bill?

Due to insufficient revenues, the SAWS District was forced to borrow \$175,000 from the County to help cover expenses. The Murray County Board has agreed to allow SAWS to repay this loan over the next two years, which equates to \$10 per month or a total of \$240 per user. Additional information can be found on the back of this newsletter.

Help Us Control Maintenance Costs

- **Flush your Grinder Station** – When opening and closing your cabin for the season, run about 30 gallons of water into the grinder station to activate the pump. This will pump the sewage out of the grinder basin and help reduce corrosion.
- **Trim Landscaping around Grinder Station** - Please trim any overhanging or overgrown vegetation around the grinder station to allow access for maintenance.
- **Sounding louder than normal?** - Please call the maintenance provider to run a check on your grinder.

Questions?

Please contact any of the Board members listed on the left side of the newsletter.

Excerpts from the District’s newsletter dated November 20, 2019:

Why are the utility rates increasing again?

The utility rates are proposed to increase to cover the cost of providing public sewer connection and wastewater treatment services to your homes and cabins. Unfortunately, there were a number of years following the installation of the system when utility rates were not increased causing a shortfall in the money available to the District to cover the operation and maintenance (O&M) costs, as well as the debt service for the loans and bonds.

When the sewer system was built, the goal was to keep the initial costs and utility rates as low as possible. To do that, 60% of the entire cost of the system was paid via assessments on our properties; the other 40% would be covered via utility rates and new sewer connections, thus spreading the O&M and debt service costs over a larger number of users. Unfortunately, with a downturn in our economy, the assumed growth was far less than expected.

Therefore, just as with our personal expenses, O&M costs continue to rise due to inflation. However, our utility rates were not increased to account for the added O&M costs, and now some of the grinders, pumps, lift stations, and other critical system components are beginning to fail or wear out and need to be replaced.

After a consultant reviewed the financial status of the District, it became apparent that another rate increase, along with minimum future 3% annual future rate increases, was needed. This was a difficult decision for us, as the SAWS Board to make, but a necessary one.

What will my sewer utility rates look like in the future?

The SAWS Board has been working diligently to develop alternatives which minimize future rate increases. Our rate monitoring effort will also include an annual review of O&M costs and Debt Service needs and evaluation of our sewer rates. This will enable us to make rate adjustments as necessary and position the District to meet our annual operating and debt requirements. In the meantime, it was deemed necessary to adopt an automatic 3% annual utility rate increase until all existing loans and bonds associated with the sewer system are paid in full, which is expected to be in 2028. At that time, the SAWS Board will re-evaluate the O&M costs and determine the responsible course of action to keep the District solvent.

The following table identifies the pump type and the rate that will be implemented January 1, 2020, and the potential rates inclusive of the 3% adjustment that will be implemented annually on January 1st: Note that for FY2020 and FY2021, \$10 will be added to each pump type.

YEAR	FY 2017	Y 2018-201	FY 2020			FY2021			FY2022	FY2023	FY2024	FY2025	FY2026
	Utility	Utility	Utility	Special- 2yr	Total	Utility	Special- 2yr	Total	Utility	Utility	Utility	Utility	Utility
Pump Type													
Residential	45.00	56.00	65.00	10.00	75.00	67.00	10.00	77.00	69.00	71.00	73.00	75.00	77.00
Commercial													
Single - Low	50.00	63.00	81.00	10.00	91.00	83.00	10.00	93.00	85.00	88.00	91.00	94.00	97.00
Single - High	100.00	125.00	146.00	10.00	156.00	150.00	10.00	160.00	155.00	160.00	165.00	170.00	175.00
Double - Low	150.00	186.00	227.00	10.00	237.00	234.00	10.00	244.00	241.00	248.00	255.00	263.00	271.00
Double - High	200.00	250.00	291.00	10.00	301.00	300.00	10.00	310.00	309.00	318.00	328.00	338.00	348.00