



February 6, 2025

Mr. Brian Helminger
District Director
Heart of the Valley Metropolitan Sewerage District
801 Thilmany Road
Kaukauna, WI 54130

RE: Proposal to review the District's sewer user charge methodology

Dear Mr. Helminger:

Thank you for this opportunity to provide the District with a proposal to review your sewer user charge methodology. The purpose of this review will be to: 1) to develop a full understanding of the District's current cost of service allocation and user charge methodology and the basis for the methodology; 2) identify potential adjustments to the methodology based on industry best practices and the District's cost structure and flows and loadings; 3) evaluate the potential adjustments with respect to impacts on District customers; and 4) advise the District regarding the anticipated immediate and short-term impacts of potential adjustments and provide recommendations regarding changes to the user charge methodology. Our scope of services is described below.

Scope of Services

1. Review the current sewer user charge methodology
 - a. Project kickoff meeting – Meet with District staff to discuss the current cost of service and user charge methodology and the supporting basis for this methodology, desired objectives for the review, project timeline, and any other relevant issues.
 - b. Data gathering and analysis:
 - i. Provide District staff with a detailed list of information requested for the study. Requested information may include, but is not limited to, the following:
 1. Cost of service spreadsheet model.
 2. Recent years' detailed budgets, financial statements, actual flows and loadings by municipality and total influent to the WWTP.
 3. Debt service schedules for existing debt.
 4. Most recent estimates of costs and debt service schedules for the interceptor rehabilitation project.
 5. Capital improvement program.
 - ii. Review the information and contact District staff with any follow-up questions.

- iii. Analyze trends in recent historical flows and loadings, revenues, and expenses, to inform the analysis of the current model and the potential future impacts of any changes.
2. Identify potential modifications to the sewer user charge methodology
 - a. Review meeting with District staff to discuss observed trends, and the underlying causes and drivers, and explore potential modifications to the methodology.
 - b. Potential modifications to the methodology may include, but are not limited to:
 - i. Developing a more detailed allocation of costs by breaking operation and maintenance costs into more detailed categories.
 - ii. Modifying the allocation percentages for certain cost categories.
 - iii. Consolidating categories of cost allocation
 - iv. Shifting the balance of costs allocated to fixed versus variable (volume or loadings based) charges
3. Prepare one or more alternative sewer user charge methodologies incorporating any identified potential modifications.
4. Evaluate the immediate and likely short-term impacts of the potential modifications on rates and charges to District customers based on current and known or projected future costs, flows, and loadings.
5. Report and Presentation
 - a. Prepare a summary report of the study analysis, alternatives, findings and recommendations.
 - b. Review the draft report with District staff and incorporate changes and comments.
 - c. Provide a final report for the District.
 - d. Attend a meeting of the District Commission to present findings and recommendations and answer questions.

Estimated Cost

Based on the above scope of services and our current hourly rates of \$120 per hour, our estimated cost for this study is \$12,000. We look forward to working with you on this project! Please feel free to call me with any questions at (262) 470-2277.

Sincerely,



Christine DeMaster
Principal/Senior Consultant
TRILOGY CONSULTING, LLC