

POLICY 2021-01
(LOCAL ANNUAL ADJUSTMENT POLICY FOR THE HOBART SANITARY SEWER UTILITY)

PURPOSE: The purpose of this policy is to amend the previous policy establishing the customer rates for the Hobart Sanitary Sewer Utility to insure the financial solvency of the utility and provide for adequate liquidity and cash reserves to meet the day-to-day operations and long-term needs of the utility. The Village's auditors and financial consultants have strongly encouraged the establishment of this policy to ensure financial solvency of the Village sewer utility.

INTRODUCTION

The Village of Hobart, along with most Brown County cities and villages, is a municipal customer of the Green Bay Metropolitan Sewerage District (GBMSD). Through a series of sewer interceptors, Village sewage flows to, and is treated by, GBMSD facilities. Further, the GBMSD establishes rates for its various customers including their municipal customers. The GBMSD charges quarterly for treatment based on volume of flow (per 1,000 g), and the Village pays for the sewer treatment charges from its sanitary sewer utility through the fixed and volume charges established, therefore. The Village of Hobart has no control over treatment charges that are "passed through" by GBMSD to its customers; they are established by an independent GBMSD governing board on an annual basis.

APPLICABILITY

The rate changes established by the annual calculation and implementation of this policy shall apply to all classes of customers comprising the Village sewer utility. Adjustment methods proscribed by this policy only apply to volume rates per 1,000 gallons, not to quarterly "fixed" charges associated with meter size.

POLICY GOALS

The goals of this policy include, but are not limited to:

- Ensuring adequate coverage of GBMSD pass through charges with established local utility volume charges.
- Avoiding volatility of local utility charges by looking at smaller, annual adjustments each calendar year.
- Avoiding the need to subsidize the Village sewer utility with other revenue sources, including the general property tax levy.
- Providing adequate cash reserves for future planned utility improvements/extensions and/or unexpected capital outlays associated with infrastructure aging and failure.
- Providing a transparent, public process by which Hobart sewer utility customers are informed of proposed volume rate changes, although such a process is not legally required.

METHOD OF CALCULATION

In February of each calendar year, the Village shall examine the preceding calendar year's GBMSD volume billings charged to the Village sewer utility. That financial information coupled with the GBMSD established rate increase for the current calendar year will be run through a financial proforma (See Exhibit A).

SEWER UTILITY FUND BALANCE AND CASH ACCUMULATION

The Village has established a Sewer Utility Fund Balance Policy that prioritizes how accumulating cash in the Sewer Utility Fund should be allocated. The Village Board may utilize accumulating cash to offset, delay or forego implementation of the Local Annual Adjustment in any one year provided that all established utility cash thresholds are met. The Sewer Utility Fund Balance Policy also establishes criteria for Comprehensive Utility Rate Reviews.

APPROVAL PROCESS FOR RATE ESTABLISHMENT

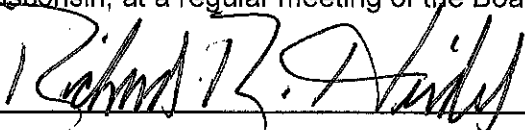
Once the financial proforma yields the required local utility volume rate increase, Village staff shall present such findings to the Village Board. The Village Board will review the recommendation and, prior to any action, will establish a public hearing to be legally noticed (Class I) in the paper of record. The notice will include, at a minimum, the following information:

- Proposed GBMSD % rate increase passed on to its municipal customers and its effective date.
- The required Village utility volume % rate increase needed to accommodate the GBMSD increases.
- The quarterly and annual financial impact, expressed as a dollar amount, for the average residential sewer utility customer.
- The date (quarter/year) the new local utility rates will go into effect.

After hearing the public, the Village Board shall consider a Resolution re: Village sewer utility rates; new rates shall only be established by Resolution.

This policy supersedes the previous General Fund Balance Policy, adopted by the Village Board in 2014 and amended on a subsequent annual basis.

This policy has been approved by the Board of Trustees of the Village of Hobart, Brown County, Wisconsin, at a regular meeting of the Board, held on February 17th 2021.



Richard Heidel, President, Hobart Village Board

Attest:


Erica Berger, Village Clerk / Treasurer
Aaron Kramer, Village Administrator

EXHIBIT A

GBMSD	Green Bay Metropolitan Sewer District Expenditure			
		2020	Actual GBMSD Expenditures	\$ -
		2021	GBMSD Rate Change	0.00%
		2021	Change in GBMSD Expenditure	\$ -
MUNICIPAL OPERATIONS	Sanitary Sewer Operating/Maintenance Budget Expenditure Increase			
		2021	Sanitary Sewer Fund 003 Budget	\$ -
	Less:	2021	Sanitary Sewer Capital Outlay	\$ -
	Less:	2020	Sanitary Sewer Fund 003 Budget	-
		2020	Budget Dollar Increase	\$ -
	Sanitary Sewer Actual Revenues:			
	12/31/2020	Fund 003 Final Budget Comparison - Detail		
		2020	Public Charges for Services	\$ -
	Plus:	2020	Interest on Accounts	\$ -
	Plus:	2020	Intergovernmental Charges for Services	-
		2020	Total Actual Revenues	\$0.00
	Sanitary Sewer Actual Expenditures:			
	12/31/2020	Fund 003 Final Budget Comparison - Detail		
			Total Expenditures	\$ -
	Less:	2020	Depreciation - 003-00-62000-024	\$ -
		2020	Total Actual Expenditures	\$0.00
	Sewer Volume Billings			
		2020	Sewer Volume Billings (gallons):	
			Residential	0
			Commercial	0
			Public Authority	0
			Multi-Family	0
				0
		2020	Airport Sewer Volume Billings (gallons):	
			1st Quarter	0
			2nd Quarter	0
			4th Quarter	0
				0
		2020	Total Sewer Volume Billings (gallons):	0
		2021	Projected Volume Billings Increase:	0.0%
		2021	Projected Volume Billings Total (gallons):	0

Debt Service	Sanitary Sewer Debt Service:				
		2021	Sanitary Sewer Debt Service	\$	-
	Less:	2020	Sanitary Sewer Debt Service	\$	-
					\$ -
Capital Projects	Sanitary Sewer Projects:				
		2021	Sanitary Sewer Projects (Capital Outlay)	\$	-
Contingency	Sanitary Sewer Contingency:				
		2021	Sanitary Sewer Contingency	\$	-
Annual Sewer Rate Adjustment Calculation					
		2020	Total Actual Revenues	\$	-
	Less:	2020	Total Actual Expenditures	\$	-
	Less:	2021	GBMSD Expenditure Change	\$	-
	Less:	2021	Sanitary Sewer Debt Service Change	\$	-
	Less:	2021	Sanitary Sewer Projects	\$	-
	Less:	2021	Sanitary Sewer Contingency	\$	-
			Total Projected Surplus/Deficit		\$ -
		2021	Budget Dollar Increase	\$	-
	Less:		Total Projected Surplus/Deficit	\$	-
			Additional Revenue Required To Cover Budget Increase		\$ -
			Additional Revenue Required	\$	-
	Divided By:	2021	Projected Volume Billings Total	-	(thousand gallons)
			Additional Revenue Collection Rate per 1000 gallons		#DIV/0!
		2020	Sewer Rate	\$	7.13
			Additional Revenue Collection Rate		#DIV/0!
		2021	TOTAL ADJUSTED SEWER RATE		#DIV/0!