



# Village of Fall Creek

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November 29, 2022

Holiday Greetings,

I want to wish all of you a Merry Christmas! As I write this, snow is falling outside my office window and it makes me think of some of the many reasons I love living here: the beautiful area, all four seasons of the year, the wonderful people, and the opportunity to work in a job that uses my 10 years of municipal government experience, both in operating utilities and in managing finances. Municipal finances are what I want to address today.

The Village has several accounting funds - General, Water, Sewer, Garbage, etc. It's proper accounting practice that each fund be sufficient unto itself. This means that expenses for water, sewer, and garbage services should be funded by user rates for each respective utility and expenses for municipal government services should be funded generally by property taxes and State aids.

The current user rates for the Water Utility are not producing enough revenue to keep up with the inflationary increase in costs we've been experiencing and allow the Village to prepare for the future. The Water Utility has not had a rate increase for over 7 years. The Village Board recognized that it is not financially wise to put off addressing the Utility's financial shortfall and it is not wise to be unprepared for future capital expenses, as that can end up costing more money in the long run, so they submitted an application to the Public Service Commission of Wisconsin (PSC), who regulates our water utility, asking for a rate study. The PSC reviewed our financials and determined what our rates should be. The new rates will go into effect January 1, 2023. Basically, it is a 43% water rate increase which will affect your entire utility bill by 17%. The average customer who uses 3,500 gallons monthly will see the following change.

Current Monthly Bill	
Water	\$ 33.40
Sewer	\$ 50.51
Garbage (65 gallon)	<u>\$ 16.63</u>
Total	\$ 100.54

New Monthly Bill	
Water	\$ 50.60
Sewer	\$ 50.51
Garbage (65 gallon)	<u>\$ 16.63</u>
Total	\$ 117.74
Dollar Amt Increase -	\$ 17.20
Overall % Increase -	17%

By the very nature of being a bedroom community to Eau Claire, it is understandable that residents will compare our utility rates and property taxes with those charged in Eau Claire. We know this will happen. But it's important for people to realize that a community of 1,400 residents cannot reasonably be compared to a community of 69,000 residents. We just don't have the economy of scale for spreading out costs.

Recognizing that comparing Fall Creek to Eau Claire has its limitations, Village staff did a comprehensive Cost of Municipal Services Study for like-sized municipalities in Eau Claire County and in any county touching Eau Claire County in the fall of 2021. Of the 21 municipalities surveyed, Fall Creek had the 15<sup>th</sup> most affordable Utility Rate, with 8 other municipalities having rates within 8% of ours. And Fall Creek

also had the 7<sup>th</sup> most affordable Municipal Property Tax Rate, which brought us to a Combined Municipal Cost of Living Rate of 6<sup>th</sup> most affordable out of 21.

Furthermore, when we looked at each community's median household income (MHI), Fall Creek had the highest MHI of all 21 municipalities. While that is a benefit to those making the higher wages, it does mean that when the Village applies for financial assistance to State and Federal agencies, our applications are less competitive than those communities with a lower MHI. For many years now, as we've applied for funding for our capital projects, our MHI has been too high to receive some of the generous grant packages that surrounding municipalities have received.

We will continue to apply for grants and seek out favorable funding opportunities, and the Village Board has increased its efforts to work toward more lasting solutions such as growing the Village through economic development in our TIF district and increasing our residential development to provide more users to spread costs out over. We recognize that even though the Village, as a whole, has a high median household income, there are residents on a fixed income that will struggle more with this rate increase. We also recognize that no one wants to see a rate increase and we wish we didn't have to raise rates, but municipal utilities are not immune to the inflationary times we are living in and therefore need increased revenues in order to make ends meet. Fall Creek is great for so many reasons. Even with this rate increase, Fall Creek is a wonderful place to live, work, and raise a family! #wearefallcreek



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