VILLAGE OF ATHENS SEWER RATE STUDY SUMMARY

The Village of Athens owns and operates a wastewater collection system and two wastewater treatment facilities that serve approximately 1,500 residents. Customers are billed quarterly with a flat rate per billing unit. The sewer rates have not been adjusted since at least 2011, while expenses have increased and new long-term debt for collection system improvements is projected to begin in FY28.

The wastewater collection system experiences significant inflow and infiltration (I&I), which has led to increased treatment volumes and regulatory concerns. The Village has completed an I&I study and is preparing capital improvements to address these issues. While a portion of the project will be grant-funded, sewer system users will be responsible for repaying the remaining project costs through long-term debt.

The Village seeks to maintain the sewer system in a manner that is fair to customers and financially sustainable over the long term and requested RCAP assistance in completing a rate study. An increase in sewer revenue is required to meet existing and future expenses. A review of actual operating expenditures and customer water use has been completed, with five options to generate the additional revenue needed. Recommendations include increasing the flat sewer rate and implementing a volume-based fee for higher water use, along with a new relevy fee for unpaid balances.

Financial Forecast

At current sewer rates and projected expenses, the sewer fund will experience increasing annual losses driven by rising operating costs and the start of new long-term debt payments for the I&I mitigation project. To address these deficits, additional revenue of approximately **$85,000 in FY27** and **$185,000 in FY28** is required.

	5/31/2026	5/31/2027	5/31/2028
Total Projected Revenue (Current Rates)	$359,644	$363,044	$362,144
Total Projected Operating Expenses	$231,667	$248,592	$262,484
Total Projected Long-Term Debt	$178,499	$199,240	$279,631
Total Projected Reserve Contributions	$0	$0	$5,000
Projected Net Income (*Loss*)	***$(50,522)***	***$(84,788)***	***$(184,971)***

Projected revenue and expenses under current water rates and usage

Customer Use Summary

The sewer system includes **562 customer accounts totaling 687 billing units**, all located within Village limits. Customers are billed quarterly, currently paying a flat fee of **$129 per billing unit**, regardless of water use. Customer water use averages 10,519 gallons per quarter, with a median value of 8,317 gallons per quarter. **55% of accounts use less than 10,000 gallons/quarter.**

The rate analysis considered five different methods for additional revenue generation for the water system to meet projected financial targets: increase base rate only, add a flow rate only, add a flow rate with included gallons, increase base and add flow, and a combination method. Options that rely heavily on flow-based revenue place greater financial uncertainty on the Village but give customers more control over their bills. Options that rely primarily on the base rate provide stable revenue but reduce fairness among low- and high-volume users. The table below shows customer bill outcomes for three example customers using low, average, and high volumes of water.

Customer Bill Impact

Customer Type	FY	Current	Option 1 – Increase Base	Option 2 – Add Flow Only	Option 3 – Flow + Included	Option 4 – Base + Flow	Option 5 – Combination
Average (10,000 gal)	FY27	$129	$159	**$164**	$130	$163	$157
	FY28	$129	$195	**$208**	$132	$202	$192
High Volume (40,000 gal)	FY27	$129	$159	$272	**$624**	$235	$281
	FY28	$129	$195	$450	**$1,242**	$333	$378
Low-Volume (5,000 gal)	FY27	$129	**$159**	$147	$129	$151	$149
	FY28	$129	**$195**	$169	$129	$181	$180

A **combination method** is recommended, which moderately increases the base rate while introducing a flow-based fee applied only to consumption above a minimum volume. This approach balances revenue stability, fairness, and customer conservation incentives, and mirrors the structure already used for water billing. Under this recommended structure, approximately half of sewer customers are expected to continue paying only the base rate if water usage remains consistent.

Recommended Sewer Rates (Quarterly)

Rate Type	Current Rates	Recommended FY27 Rates	Recommended FY28 Rates
Base Rate / Billing Unit	$129.00	$149.00	$180.00
Included Gallons / Unit	0	8,000	8,000
Flow Rate ($ per 1,000 gal above included)	–	$4.00	$6.00

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Additional Recommendations

1. Implement a **relevy fee of $100 or 20% of the unpaid balance**, whichever is greater, for sewer bills transferred to the property tax roll.
2. Ensure existing penalties and fees are applied consistently when appropriate.
3. Provide a **0.25 billing-unit reduction** for customers with verified septic tanks upstream of the collection system, contingent on proof of regular septic pumping.
4. Reassess long-term capital and equipment needs following completion of the I&I project and begin planned reserve contributions.
5. Conduct an **annual or biannual review** of sewer rates, customer use, and system expenses to allow for smaller, more predictable future adjustments.

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