



FAQs about Costs and Funding

The Bone Lake Management District is considering alum treatments to improve water clarity in Bone Lake. Bone Lake typically experiences algae blooms in the mid- to late-summer that can affect the safety and enjoyment of the water. Alum treatments can reduce these blooms; however, they are costly. The funding would primarily come from a special assessment on Bone Lake properties which would need to be approved by majority vote of Bone Lake property owners at an annual District meeting. We know you have questions. The following are frequently asked questions about the costs and funding of alum treatments on Bone Lake.

What is the estimated cost to treat Bone Lake with alum?

The total cost of treating Bone Lake with alum is approximately \$2.6 million. This is based on the treatment plan and financing method proposed by the alum committee and approved by the Board. The overall cost may change based on financing costs of any loans, grants that reduce costs to property owners, and timing of applications. Our treatment cost is based on:

- Approved special assessment to Bone Lake property owners
- Four doses applied over nine years
- Alum material cost increase of 3% per year (beyond District property value increases)
- Pay-as-we-go
- Treatments begin in year two after special assessment is approved
- One grant from the DNR for \$200,000 (we could receive up to 4 grants)
- No bank loan (which could be used to accelerate the schedule of alum treatments)

Additional doses will be required at years 18-20 at a reduced dosage of 50-60 percent to maintain effectiveness; this has not been included in the costs.

How would we pay for alum treatments?

Alum would be paid for by a special assessment to Bone Lake lakeshore property owners and those who have deeded access to the lake. The cost would be spread over 10 years, the maximum Wisconsin law allows, and would appear as a special assessment on your property tax statement.

It will take two years of special assessment collection, one \$200,000 DNR grant, and \$200,000 in existing District funds to start treating Bone Lake with alum.

How much money will we receive from grants?

We hope to receive at least one \$200,000 grant and could get up to a maximum of four grants over ten years. In order to receive grants, we must first approve the alum special assessment by vote at a District annual meeting. We can then file a permit and make a grant request to the DNR.

East Balsam Lake and Long Lake have each received a \$200,000 grant for alum treatments. Cedar Lake was awarded two \$200,000 grants for alum treatments.

Would we proceed with alum treatments without grants?

No. If we do not receive at least one grant, we will not move forward with alum.

What are the chances of getting grants in future years?

It is difficult to predict whether the DNR will continue to make grants available for alum over the next ten years.

How will this increase my property taxes?

A special assessment will appear on your tax statement. Back lots that have no deeded access to the lake would be excluded from the special assessment. Back lots make up 12% of District property owners. Excluding back lots from the special assessment increases the cost to the remaining property owners by five percent.

With back lots excluded, the special assessment to the remaining District property owners is about \$130 per \$100,000 in property value, annually for 10 years. For instance, based on a \$350,000 tax-value property, the special assessment for alum is \$455 per year for 10 years.

Annual Alum Special Assessment on Sample Property Values			
Tax Value	Annual Special Assessment	Tax Value	Annual Special Assessment
\$200,000	\$260	\$250,000	\$325
\$300,000	\$390	\$350,000	\$455
\$400,000	\$520	\$450,000	\$585
\$500,000	\$650	\$550,000	\$715
\$600,000	\$780	\$650,000	\$845
\$700,000	\$910	\$750,000	\$975
\$800,000	\$1,040	\$850,000	\$1,105
\$900,000	\$1,170	\$950,000	\$1,235

The alum finance subcommittee reviewed many scenarios to find the best cost option. Special assessment funding is limited to a maximum of ten years. A detailed spreadsheet estimating the alum treatment costs incurred and the special assessment per \$100,000 of taxable value is available on the BLMD web site.¹

When would I see a property tax increase, if the alum motion is passed?

If the alum motion passes at the August 2021 annual meeting, the alum special assessment will appear on your 2022 tax statement.

How could effective alum treatments affect the value of my Bone Lake property?

Water clarity is often a factor when deciding on which lake property to buy. Higher clarity lakes generally have higher lakeshore property values.

A study done by the University of Wisconsin-Eau Claire examined 324 lake properties in northern Wisconsin and reported a 3 to 16 percent increase in property value with a three-foot increase in water clarity. This was an average increase of \$26,000 in property value.²

A study from Ohio State University indicated Buckeye Lake, Ohio, lost \$101M in property values in the years 2011 to 2016 due to algal blooms.³

¹ http://www.bonelakewi.com/docs/ALUM/AlumCost_perProperty_inflation.pdf

² <https://www.wpr.org/clearing-murkey-lake-water-has-impact-nearby-property-values>

³ https://eurekaalert.org/pub_releases/2017-08/osu-abc081617.php

This is one in a series of four handouts answering frequently asked questions about Bone Lake's water quality, alum treatments, costs and funding of alum treatments, and voting in a lake management district.
