



PUBLIC STATEMENT

Contact: Adam Smith, City Administrator

Phone: (517) 627-2149

E-mail: asmith@cityofgrandledge.com

Website: www.cityofgrandledge.com

Water and Sewer Utilities in Grand Ledge

GRAND LEDGE, MI, December 9, 2016, —

Our water and sewer system is a multi-million dollar investment that directly affects the health, safety, and overall quality of life in our community. With every water bill, our customers are investing to preserve and protect that system. It is the City Council's responsibility to protect the water and sewer system investments for today's customers, as well as tomorrow's customers. It would be a disservice to our customers to charge inadequate rates and thus compromise the effective, reliable system upon which we all rely. In protecting the community's water and sewer investment, it is the City's responsibility to evaluate rates and adjust them accordingly. All revenues derived from the water and sewer utility bills are used only for water and sewer system expenditures.

The City is working hard to reduce expenses and implement efficiencies within the system, while seeking out alternative revenues such as the recent SAW Grant (\$675,000) and ARRA Grant (\$2.3M). Since 2010, the City has invested nearly \$10 million into the infrastructure of our water and sewer system. This investment includes a \$5.7 million upgrade of the wastewater treatment plant and approximately 24,000 feet of new water and sewer mains. In addition the City has maintained water quality compliance with regulations from the United States Environmental Protection Agency and the Michigan Department of Environmental Quality (MDEQ).

It should be noted that from the start of Fiscal Year 2013 (July 1, 2012) through the end of Fiscal Year 2015 (June 30, 2015) the gallons of water sold to customers *decreased* by more than 77 million gallons. This is largely a result of customers switching to appliances that are more efficient and implementing water saving practices at home to save money on their water and sewer bills. This decrease in water sold resulted in a decrease in revenue of approximately \$150,000 *annually* during this period to support the systems operation. In 2016, City Council had to authorize a \$150,000 loan to the water and sewer fund to assist in paying its bond payment ("mortgage" on the system). The need for increasing the water and sewer rates is to help ensure stable revenue for system operation. A new Asset Management Plan required by the MDEQ, will begin in 2018 in which the City's budget must meet the complete needs and requirements of the system; rates must support that budget.

Many want to know what neighboring communities are charging for water and sewer compared to the City, it is important to understand the complexity that is represented in various community rates. Each community has a unique configuration of costs used to establish rates, including: population; type of

treatment; operation plans; short and long-term service needs; debt obligations; and capital improvement responsibilities. The City is committed to meeting the needs of our system. Our rates must support our budget to provide safe and reliable water and sewer services to our community.

In the spring of 2016, the City completed a water and sewer rate analysis with the Michigan Rural Water Association. The purpose of this analysis was to determine what water and sewer rates are necessary to support a budget that will provide adequate operation of our system now and in the future. The results of that professional evaluation were utilized in establishing the Fiscal Year 2017 (July, 1, 2016 – June 30, 2017) rates which began July 1, 2016. The full rate analysis is available on the City's website under "Utility Billing Information" accessible from the "Home" page: www.cityofgrandledge.com.

As a result of the July 1, 2016 increase, an average city resident using 20,000 quarterly, would see a \$48.95 increase of their quarterly bill. We strive to make the most cost-effective investments and provide the highest-quality service possible. The City has made available additional information, billing history, and various resources at www.cityofgrandledge.com.

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