

Why the township is raising water rates

The water fund balance has lost approximately \$194,000 over the past two years, which is like taking money from our nest egg. Rate increases have totaled \$0.10 per thousand gallons of use over that same period (there were no rate increases in 2013). Water rates need to increase to have the water fund remain financially solvent in future years.

How are the rates changing?

The rate per 1000 gallons will increase by approximately 8%. The Ready to Serve charge will increase from \$12 to \$15 per quarter. While this (the ready to serve charge) is an increase of 25%, it basically amounts to \$1 per month or \$.25 per week.

What is the impact for a typical residential customer?

A typical single person household whose current water bill is \$20.70 would have been \$17.25 under the old rate, an increase of \$3.45 for the quarter or \$1.15 per month. A two person household whose current water bill is \$32.10 would have been \$27.75, an increase of \$4.35 for the quarter or \$1.45 per month. A typical 4-5 person household whose current bill is \$75.80 would have been \$68.00 under the old rate, an increase of \$7.80 for the quarter or \$2.60 per month.

Why change the rate structure?

As mentioned above the water department has spent approximately \$194,000 in capital improvements and emergency repairs over the last two years. The township has installed a 100,000 K generator at well house 4, which will enable us to continue to produce the necessary water in the event of a prolonged power outage. The cost of this installation was \$34,485. Last fall, well number 2 saw a substantial drop in production and needed to be cleaned and repaired. The total cost was \$35,060. In June, we lost production at well 3 and are now having the pump rebuilt and cleaned. The cost of this project will be \$38,737.

We are also currently having the Filer City Road water tower renovated, which includes an interior wet, interior dry, and exterior cleaning and repainting. This is something that the DEQ is requiring of the township and can no longer be put off until a later time. We have entered into a contract with Utility Services Group that includes this work as well as general maintenance over a ten year period, which will come at a total cost \$266,000. We will begin similar maintenance on the Red Apple Road water tower in 2016, at a comparable cost.

In addition to these capital improvement expenditures, we have also incurred costs of approximately \$20,000 in the past year and a half for emergency repairs including winter freeze ups, installation of new service lines, etc.

How was the rate increase determined?

After much review, discussion, and deliberation by the water rates committee, as well as reviewing the water rates of other comparable communities, it was determined that the rate structure needed to change to generate the revenue necessary to run the water fund with a balanced budget, and at the same time maintain a contingency fund adequate to handle emergencies. The money generated by these rates will pay for water operations, existing debt, capital improvements to the water system, and general maintenance. On March 3, 2015, the township board voted unanimously to increase the water rates. This was not an easy decision for the Board to make, but one that was necessary for our water system to be a self-sufficient business enterprise.

How does Filer Township compare with other communities

When compared with other comparable communities in northern Michigan, Filer's water rates are about the same as a few communities and lower than many others.

The average cost of water on a monthly basis in the U.S. is only \$30/month, or roughly \$1/day. When you consider that your water is billed on a quarterly basis, your bill will show that our rates are lower than that. You receive a gallon of tap water at your tap, fully treated, available any time you want it for much less than 1 cent. There is no other product in all of America that inexpensive!

Water is the foundation of our community

If we look at our water system in this manner, then paying for our water is an investment in our families' health and wellbeing, quality of life, and community economic well-being. Water is the foundation of the community and if the water utility isn't strong (meaning well taken care of) then the community won't be strong either. The water prices should reflect the cost of service and we are proud of the service we provide and confident in the rates we charge. These rates are needed to continuously repair, rehabilitate and replace infrastructure in order **to keep the water flowing.**