



# WATER BILL REVENUE 1 1



Did you know that the City of Grand Ledge provides water and sewer services for over 3,600 customers, and on average invoices well over 200 million gallons a year?

## How are the water rates determined?

Water and sewer (W/S) rates are set forth and approved by Grand Ledge City Council. W/S rates are calculated based on the budget established to ensure and maintain proper treatment, distribution, and disposal of water and sewage. Michigan Rural Water Association (MRWA) has performed a rate analysis to ensure the rates charged for W/S are fair and will support and encourage the long-term goals set forth by the established budget; this rate analysis is available as public information online. All public utility entities were required by law through Michigan Department of Environmental Quality (MDEQ) to complete a rate analysis and asset management plan by January 1, 2018.

## When I pay my water bill, where does the revenue go?

The Grand Ledge Water & Sewer Fund is an enterprise fund. An enterprise fund is used to account for the finances and operational costs associated with providing goods or services to the general public on a continuing basis. As a public water provider, the City of Grand Ledge can only charge customers for the associated costs with providing water service; **thus the City can only use the revenue for water and sewer expenses.**

### Costs Associated with Providing Water/Sewer Services

Let's take a look at what water/sewer payments fund...

COST	WHAT IS THAT?
Labor & Benefits	Wages and benefits for personnel performing W/S operations (eg. meter reading).
Operations & Maintenance Expenses	Providing W/S as a ready-to-use service to your home, including the proper maintenance to adequately maintain a well-functioning W/S system.
Loans, Bonds, Interest, Annual Payment	Additional financing that supports the long-term goals of maintaining proper treatment, distribution, and disposal of W/S. Funds W/S Capital Improvement projects.
Asset Replacement & Rehabilitation	Investing in the replacement and improvement of W/S infrastructure based on necessity or mandated by MDEQ (eg. painting water tower, installing new meters).
Capital Improvement	Larger infrastructure improvement projects (eg. upgrading water lines under streets).

## Can't we just compare rates of neighboring communities?

The City of Grand Ledge is one-of-a-kind; from population and geographic location, to water treatment necessities and the condition of our W/S infrastructure. Every public utility provider has a different set of maintenance and operational goals associated with their service that affect the rates they establish. One provider may treat water for different minerals or compounds in their ground water due to location, while another may have more (or fewer) employees, residents, and water system improvements to make. There are many variables that make service rates different from one community to the next, making it hard to compare them.

## Can I see how the City budgets and spends water bill revenue?

Absolutely! Comprehensive information about the Water & Sewer Fund, budget, performance reports, expenditures, and so much more is available online and is all public information. An Independent Auditor, not employed by the City of Grand Ledge, performs financial audits every year to review City financial statements and municipal activities; these annual audit reports are also available online.

## Common Misconceptions

- Don't my property taxes pay for water costs? No. Water and sewer revenue pays for W/S costs, and only those costs.
- What about the quality of my water? The water provided to your home has been tested and treated according to Michigan Department of Environment Quality standards and expectations. Older homes, apartments, and buildings in the City often have dated internal plumbing that can easily affect the taste, look, and smell of the water.
- My water bill pays for the Splashpad! When you pay your water bill it does not pay for the Splashpad to operate. Rates have not and will not increase because of the Splashpad.
- I'll just dispute my water bill! While there is a water bill dispute process, a dispute must be due to a discrepancy in usage or billing, and must be submitted within 30 days after the billing date. If approved, relief may be granted on a one-time basis.

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