



Michigan Rural
Water Association



City of Grand Ledge Water Rate Analysis Results

BY

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Why Are We Here ?

To Protect an Investment !

**Provide Safe Clean Drinking
Water**



COMPARING RATES

- **DO NOT Compare to Neighboring Communities**
 - Different Type of Treatment
 - Larger grant / loan & interest, when financed



YOUR WATER SYSTEM

A MULTI-MILLION DOLLAR INVESTMENT

- *It's an Investment that we have to Preserve and Protect through the Budget & Rates*
- Inadequate, Low Rates
 - A Shorter System Life
 - Less Reliability
 - Disservice to the Investors / Customers

Council Member Responsibilities

- It is their JOB to Protect the water & sewer system investment for today's customers
- Make sure tomorrow's customers are not handed a broken, ill functioning system because of inadequate maintenance, budgeting, and rates

Council Member Responsibilities

- Set & Approve an adequate budget to achieve this Goal
- Raise the Rates if Necessary to Protect the community's water & sewer system investment.
- Nobody Wants to Raise the Rates.

Asset Management Program Required by MDEQ Starting 2018

- Budget must meet the needs of the system
- Rates must support the budget
- City borrowed \$150,000 dollars from General Fund
– 2015

DON'T SET YOUR RATES

SET YOUR BUDGET

BUDGET = RATES

**Set a Budget that will Protect YOUR
Investment**

	GRAND LEDGE WATER QUARTERLY <10	ONEIDA TWP QUARTERLY < 10K
METER SIZE - INCHES	NUMBER OF METERS	NUMBER OF METERS
"3/4	2714	365
1	36	15
1.5	27	0
2	42	2
3	6	0
4	3	0
6	1	0
TOTAL	2829	382

	2012/2013'	2013/2014	2014/2015'
GALLONS OF WATER INVOICED TO CUSTOMERS	255,819,471	218,702,922	215,677,608
DIFFERENCE IN REVENUE		(\$163,869)	(\$152,533)
TOTAL LOSS OF REVENUE OVER PAST THREE YEARS			(\$316,402)

GRAND LEDGE WATER

	ANNUAL BUDGET
LABOR & BENEFITS	\$ 412,291
OPERATION & MAINTENANCE EXPENSES	\$ 566,583
LOANS, BONDS, INTEREST, ANNUAL PAYMENT	\$ 345,000
ASSET REPLACEMENT AND REHABILITATION	\$ 115,112
CAPITAL IMPROVEMENTS	\$ 492,197
	\$ -
TOTALS	\$ 1,931,182

GRAND LEDGE WATER

	ANNUAL BUDGET	BASE PORTION
LABOR & BENEFITS	\$ 412,291	\$ 32,567
OPERATIONAL EXPENSES	\$ 566,583	\$ 39,094
BONDS, LOAN / ANNUAL	\$ 345,000	\$ 345,000
ASSET REPLACEMENT AND REHABILITATION	\$ 115,112	\$ 14,447
CAPITAL IMPROVEMENTS	\$ 492,197	\$ 223,950
	\$ -	\$ -
TOTALS	\$ 1,931,182	\$ 655,057

GRAND LEDGE WATER BUDGET ITEMS	ANNUAL BUDGET	BASE PORTION	COST PER 3/4" METER
LABOR & BENEFITS	\$ 412,291	\$ 32,567	\$ 1.88
OPERATIONAL EXPENSES	\$ 566,583	\$ 39,094	\$ 2.26
BONDS, LOAN / ANNUAL	\$ 345,000	\$ 345,000	\$ 19.91
ASSET REPLACEMENT AND REHABILITATION	\$ 115,112	\$ 14,447	\$ 0.83
CAPITAL IMPROVEMENTS	\$ 492,197	\$ 223,950	\$ 12.92
	\$ -	\$ -	\$ -
TOTALS	\$ 1,931,182	\$ 655,057	\$ 37.79
BILLING UNITS / YEAR		17332	
NON OPERATING INCOME REDUCTION			\$ 2.88
TOTAL COST PER UNIT	NEW RATES		<u>34.91</u>

GRAND LEDGE WATER BUDGET ITEMS	ANNUAL BUDGET	VARIABLE PORTION	COST / UNIT OF WATER
LABOR & BENEFITS	\$ 412,291	\$ 379,724	\$ 1.42
OPERATIONAL EXPENSES	\$ 566,583	\$ 527,489	\$ 1.98
BONDS, LOAN / ANNUAL	\$ 345,000	\$ -	\$ -
ASSET REPLACEMENT AND REHABILITATION	\$ 115,112	\$ 100,665	\$ 0.38
CAPITAL IMPROVEMENTS	\$ 492,197	\$ 268,247	\$ 1.01
	\$ -	\$ -	\$ -
TOTALS	\$ 1,931,182	\$ 1,276,125	\$ 4.78
<u>BILLING UNITS / YEAR</u>		266,745	
NON OPERATING INCOME REDUCTION			\$ 0.19
TOTAL COST PER UNIT			<u>\$ 4.60</u>
NEW RATES			

GRAND LEDGE WATER		ANNUAL	COST PER	COST / UNIT
BUDGET ITEMS		BUDGET	3/4" METER	OF WATER
LABOR & BENEFITS		\$ 412,291	\$ 1.88	\$ 1.42
OPERATIONAL EXPENSES		\$ 566,583	\$ 2.26	\$ 1.98
BONDS, LOAN / ANNUAL		\$ 345,000	\$ 19.91	\$ -
ASSET REPLACEMENT AND REHABILITATION		\$ 115,112	\$ 0.83	\$ 0.38
CAPITAL IMPROVEMENTS		\$ 492,197	\$ 12.92	\$ 1.01
		\$ -	\$ -	\$ -
TOTALS		\$ 1,931,182	\$ 37.79	\$ 4.78
NON OPERATING INCOME REDUCTION			\$ 2.88	\$ 0.19
TOTAL COST PER UNIT		NEW RATES	<u>\$ 34.91</u>	<u>\$ 4.60</u>

GRAND LEDGE WATER QUARTERLY <10

CONCLUSION OF ANALYSIS

COST PER	CURRENT RATES	CALCULATED RATES	DIFFERENCE
1,000 GAL.	\$3.79	\$4.60	\$0.81
BASE RATE / READY TO SERVE CHARGE PERQUARTER			
METER SIZE - INCHES	CURRENT RATES	CALCULATED RATES	DIFFERENCE
"3/4	\$21.98	\$34.91	\$12.93
1	\$54.95	\$87.27	\$32.32
1.5	\$109.90	\$174.55	\$64.65
2	\$175.84	\$279.28	\$103.44
3	\$351.68	\$558.56	\$206.88
4	\$549.50	\$872.75	\$323.25
6	\$1,099.00	\$1,745.49	\$646.49

	CITY OF GRAND LEDGE			ONEIDA TOWNSHIP	
	WATER QUARTERLY UNDER 10,000 GALLONS	MONTHLY UNDER 10,000 GALLONS	WATER OVER 10,000 GALLONS	ONEIDA TWP QUARTERLY UNDER 10,000 GALLONS	ONEIDA TWP OVER 10,000 GALLONS
PER 1,000 GAL.	\$4.60	\$4.60	\$6.23	\$9.19	\$12.47
METER SIZE	BASE RATE PER QUARTER	BASE RATE PER MONTH		BASE RATE PER QUARTER	
"3/4	\$34.91	\$11.64		\$69.82	
1	\$87.27	\$29.09		\$174.55	
1.5	\$174.55	\$58.18		\$349.10	
2	\$279.28	\$93.09		\$558.56	
3	\$558.56	\$186.19		\$1,117.11	
4	\$872.75	\$290.92		\$1,745.49	

GRAND LEDGE SEWER

	ANNUAL BUDGET
LABOR & BENEFITS	\$ 542,905
OPERATION & MAINTENANCE EXPENSES	\$ 590,166
LOANS, BONDS, INTEREST, ANNUAL PAYMENT	\$ 442,631
ASSET REPLACEMENT AND REHABILITATION	\$ 101,353
CAPITAL IMPROVEMENT	\$ 411,716
	\$ -
TOTALS	\$ 2,088,771

GRAND LEDGE SEWER		ANNUAL	COST PER	COST / UNIT
BUDGET ITEMS		BUDGET	3/4" METER	OF WATER
LABOR & BENEFITS		\$ 542,905	\$ 4.11	\$ 2.36
OPERATIONAL EXPENSES		\$ 590,166	\$ 4.36	\$ 2.57
BONDS, LOAN / ANNUAL		\$ 442,631	\$ 5.58	\$ 1.75
ASSET REPLACEMENT AND REHABILITATION		\$ 101,353	\$ 1.28	\$ 0.40
CAPITAL IMPROVEMENT		\$ 411,716	\$ 8.05	\$ 1.40
		\$ -	\$ -	\$ -
TOTALS		\$ 2,088,771	\$ 23.38	\$ 8.49
NON OPERATING INCOME REDUCTION			\$ 0.11	\$ 0.04
TOTAL COST PER UNIT		NEW RATES	<u>\$ 23.27</u>	<u>\$ 8.45</u>

GRAND LEDGE SEWER QUARTERLY

CONCLUSION OF ANALYSIS

COST PER	CURRENT RATES	CALCULATED RATES	DIFFERENCE
1,000 GAL.	\$8.45	\$8.45	(\$0.00)

BASE RATE / READY TO SERVE CHARGE PERQUARTER

METER SIZE - INCHES	CURRENT RATES	CALCULATED RATES	DIFFERENCE
"3/4	\$6.25	\$23.27	\$17.02
1	\$6.25	\$58.18	\$51.93
1.5	\$6.25	\$116.36	\$110.11
2	\$6.25	\$186.18	\$179.93
3	\$6.25	\$372.35	\$366.10
4	\$6.25	\$581.80	\$575.55
6	\$6.25	\$1,163.60	\$1,157.35

ANY QUESTIONS ?

THANK YOU