



Village Office

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August 22, 2014

Dear Customers,

On August 21, 2014, the Elberta Village Council approved an increase to the water rates that will be effective as of October 1, 2014. The first bill with these new rates will be due in November 2014. This was not an easy decision for the Village Council to make, but one that was necessary for our water system to continue to provide high quality water to our residents and visitors.

The Village of Elberta has been working with Mike Engels of the Michigan Rural Water Association, an independent nonprofit organization, to review our water system assets, historical expenditures, and revenues to determine the actual costs to run the water service. Mr. Engels took into account the age of the water system components and projected out replacement costs. Once this was done, he worked with Village Council members to create a rate structure would generate the required revenue to run water operations in a fiscally responsible way well into the future.

The majority of the water distribution system in the Village is about 80 years old, and while there is no plan to replace systems that are working well, the water operations budget needs to accommodate the projected expenses of an aging water distribution network. A review of the historical revenues and expenditures and balance sheets revealed that the Village cannot afford to perform the required annual maintenance, let alone respond to any emergencies; we would not even be able to make a down payment to finance any significant repairs.

The Village Council wants to emphasize that the water rate increase is **not** part of the Village Debt Elimination Plan. Water revenues go solely into the water fund to pay for operations, maintenance, and repairs; the revenues will **not** be used to pay off village debt or deficit. While the new water rates are not part of the DEP, they do support the DEP as under the new rates, the water system will pay for itself and not add to the Village debt.

In addition to adjusting the rates to cover costs, the rates were adjusted to be more equitable to all customers. In particular the cost of water to apartments was brought in line with the cost of most residential meters and the ready service charge for the water meters is scaled to better reflect the available volumetric flow through those meters.

The water usage charge per 1,000 gallons will increase from \$2.25 to \$4.67; an increase of \$2.42 per 1,000 gallons. All customers pay the same price per gallon for water used. Our water Ready to Serve charge will continue to be based on meter size. The majority of customers have a ¾" size meter and it will now cost \$16.25 per month. In addition, the water Ready to Serve charge per apartment has been brought in line with other residences and is also now \$16.25 per month. To help understand these changes better, an example bill change is included at the end of this letter.

We understand that rate increases are difficult for everyone. We also understand that there may be a bit of a shock with this significant increase in water rates. To avoid this in the future, the village has adopted an ordinance that will allow for an annual cost of living increase in the water rates. This will help us to keep the water rates stable and you, our customer, to reliably plan your personal budget going forward.

If you have any questions about the new rates or the water system, please contact the Elberta Department of Public Works at 231-352-4071. For billing questions, please call the Village Office at 231-352-7201. Additional information and any updates will be available on our website at villageofelberta.com.

Thank you for your patience and support as your elected officials, staff, and volunteers work to make our community fiscally sound once again.

Elberta Village Council

Example bill changes for a residence with 3/4" water meter and 2000 gal of water used

| PROPERTY ADDRESS 1234 PLEASANT AVE | | | | |
|---------------------------------------|----------------|-----------------------------------|-------|---------------------|
| CYCLE 1 | SECTION RES | ACCOUNT NO PLEA-001234-0000-00 | | |
| FROM 08/06/2014 | | TO 09/05/2014 | | |
| CODE | CURR READ | PREV READ | USAGE | AMOUNT |
| WA | 215 | R 213 | 2.00 | 4.50 |
| SW | 215 | R 213 | 2.00 | 8.70 |
| RS | | | | 31.35 |
| RW | | | | 6.00 |
| BILLING DATE 09/08/2014 | | | | AMOUNT DUE → 50.55 |
| AFTER 09/29/2014 | | | | PAY THIS LATE 55.61 |

Current Rates

| PROPERTY ADDRESS 1234 PLEASANT AVE | | | | |
|---------------------------------------|----------------|-----------------------------------|-------|---------------------|
| CYCLE 1 | SECTION RES | ACCOUNT NO PLEA-001234-0000-00 | | |
| FROM 10/02/2014 | | TO 11/03/2014 | | |
| CODE | CURR READ | PREV READ | USAGE | AMOUNT |
| WA | 215 | R 213 | 2.00 | 9.34 |
| SW | 215 | R 213 | 2.00 | 8.70 |
| RS | | | | 31.35 |
| RW | | | | 16.25 |
| BILLING DATE 11/05/2014 | | | | AMOUNT DUE → 65.64 |
| AFTER 11/26/2014 | | | | PAY THIS LATE 72.20 |

New Rates

Water Rate Change:

- Ready to Serve Water (RW) for 3/4" meter increases from \$6.00 to \$16.25
- Water Usage (WA) increases from \$2.25/1000 gal to \$ 4.67/1000 gal