

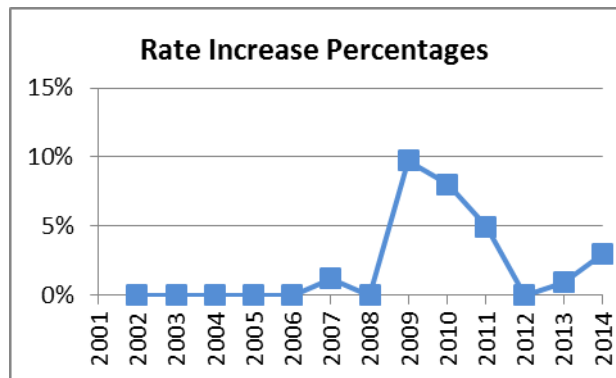
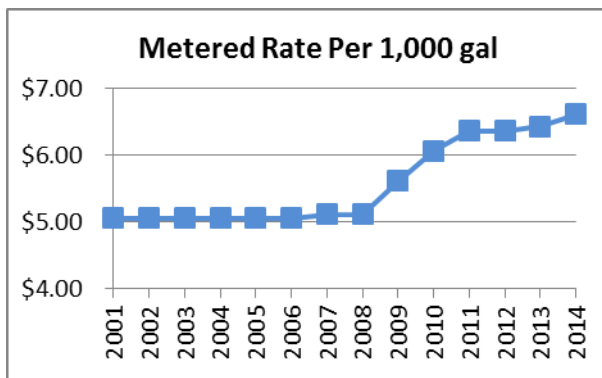


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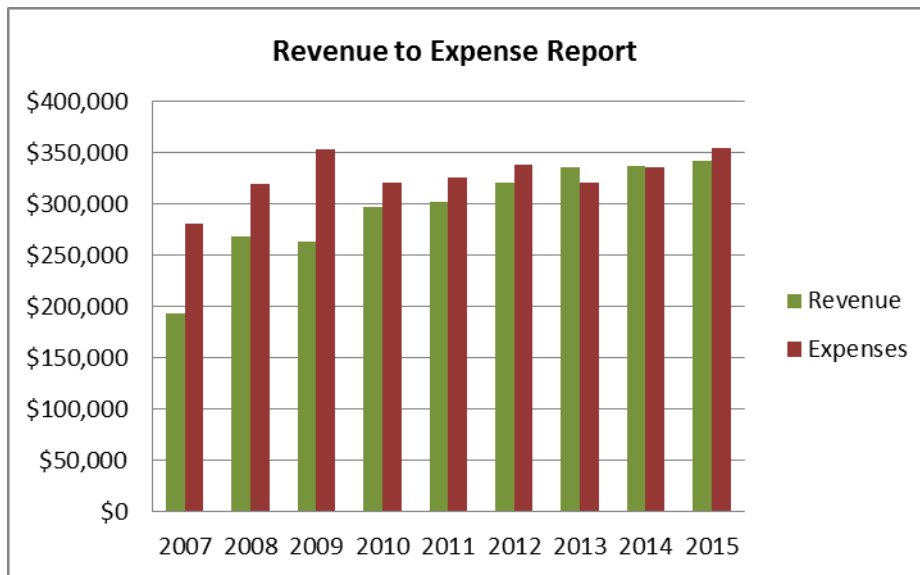
TO: Lake Edgewood Sewer Customers
FROM: Greg Tatara, Utility Director
DATE: March 18, 2014
RE: 2014 Lake Edgewood Sewer Rate Adjustment

On February 17, 2014, at the recommendation of the Genoa Township Utility Department, the Genoa Township Board increased the Lake Edgewood Sewer System metered sewer rate from \$6.43 per 1,000 gallons to \$6.62 per quarter (3%) and the flat rate sewer from \$110.87 per quarter to \$120 per quarter (8%). There are two primary reasons these rate adjustments were recommended:

1. The Lake Edgewood System is a small, independently financed utility system consisting of 208 accounts, 120,000 gallons per day of flow, and an annual operational budget of \$353,000. The rate adjustment is required due to expenses increasing by approximately \$16,000 in FY 2015 or 5.3%. Because the system is so small, it is difficult to avoid budgeted repairs and expenses to the system. For example, some pumps in the system cost \$30,000 each, therefore, one failure can expend 10% of the budget easily. For this year, increases in expenses are anticipated due to: 1) planned closure of the existing sodium and chloride plume, 2) an increase in repair costs as the plant is approaching 15 years old, 3) planned painting of the building; and, 4) an increase in electrical costs. Presented below is a summary of the historic rates and revenues versus expenses for the Lake Edgewood Sewer System.



Due to no rate increases from FY 2001 through 2008, Lake Edgewood incurred large deficits. After significant increases in FY 2009 – 2011, increases have stabilized to be more in line with inflation.



Over the past 8 years, expenses have remained relatively constant for Lake Edgewood as we slowly tried to increase revenue to match expenses. Note that 2007 was only a 9-month fiscal year due to Genoa Township Changing to Charter Township Status.

2. Secondly, the increase in the flat rate charge is proposed for a couple of reasons. First, the metered rate at \$6.62 equates to a quarterly charge of \$129.88 for a typical home that uses 218 gallons per day, or one REU. Therefore, metered customers were incurring higher expenses than flat rate customers. Secondly, the 75 flat rate customers in Lake Edgewood all have grinder pumps, which have increased maintenance and repair charges that are specific to only this category of customer. In Lake Edgewood, we budget \$6,000 annually for Grinder Pumps repairs, which equates to \$80 per customer per year. Therefore, Grinder Customers have significantly higher expenses related to their home service.

At the Genoa Township Utility Department, we strive to provide the best service within the design and capabilities of the existing system and provide improvements and maintenance that prolong the life of the existing equipment. We regret these increases; however, we know that if maintenance and improvements are deferred, the costs will only be higher in the future. The new rates are effective June 1, 2014, and will be reflected on the September 15th, 2014 billing.