



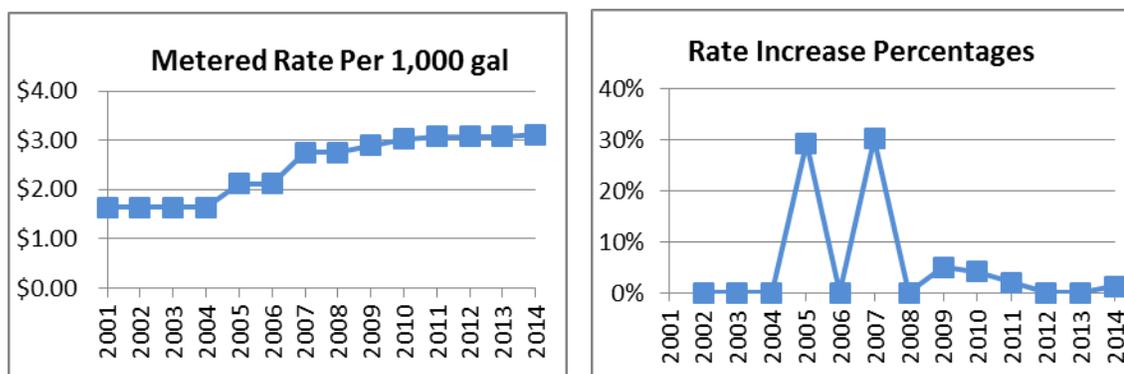
# MEMO

**TO:** Oak Pointe Water Customers  
**FROM:** Greg Tatara, Utility Director  
**DATE:** March 18, 2014  
**RE:** 2014 Oak Pointe Water Rate Adjustment

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On February 17, 2014, at the recommendation of the Genoa Township Utility Department, the Genoa Township Board increased the Oak Pointe Water System metered water rate from \$3.08 per 1,000 gallons to \$3.12 per 1,000 gallons (1.3% Increase) and the debt rate from \$10 per quarter to \$15 per quarter, effective May 1<sup>st</sup>, 2014. There are two primary reasons that these rate increases were recommended.

1. The primary reason for the 1.3% increase in per 1,000 gallon charge is to increase capital improvement reserve transfers from \$5,000 annually to \$20,000 annually. Currently, the Oak Pointe Water System has only \$10,000 in emergency reserve funds. Increasing the reserve fund balance will increase financial stability, allow Oak Pointe Water System to self-fund capital improvement projects rather than take out loans, and provides funds that may be used for larger capital improvements. Presented below is a summary of the historic rates and rate increases for the Oak Pointe Water System. This increase represents the first increase in Oak Pointe Water Rates since 2011.



2. The second increase is the \$10 per quarter debt charge increased to \$15 per quarter, representing an increase of \$20/year per customer. This debt charge, which was initiated in 2007, has been used to pay back the December 2001 Loan for \$150,000 for painting of the water treatment plant as well as a portion of the March 2012 Loan for the Oak Pointe Water SCADA system improvements. In 2015, we plan to paint the interior and exterior

of the elevated tower for Oak Pointe. This painting project, due to the need to encapsulate and blast the tower, will cost over \$300,000 to complete. This will be the first time the interior of the tank was painted since the tower was constructed in 1992 and the second time the exterior was painted. By implementing this debt charge, we will complete repayment of the 2012 loan by 2015 and set up a debt charge to pay back the elevated tower project between 2016 and 2021. Presented below is a photograph showing the extent of the rust on the tower bowl and temporary repairs made two years ago to machine tool and remove rust spots. Currently, the existing paint coating has micro-cracks that extend to the metal, making sand blasting of the exterior necessary.



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 May 1, 2014, and will be reflected on the August 15<sup>th</sup>, 2014 billing.

Please note that no increases are proposed for the sewer budget. A debt charge for the discussed Oak Pointe to Genoa-Oceola Wastewater Conversion Project will be developed at a later date.