

## Memorandum

**TO:** Oak Pointe Sewer Customers  
**FROM:** Greg Tatara, Utility Director  
**DATE:** March 9, 2010  
**RE:** 2010 Sewer Rate Increase

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History

The Oak Pointe Water and Sewer Systems were originally part of Burroughs Farms Development and have been expanded several times with the most recent expansion of the plant in 1991 when the Tri-lakes were added onto the Oak Pointe System. The Northshore Development was the last significant addition onto the Water and Sewer Systems.

Due to an aging infrastructure system and ongoing expenses with the sodium and chloride plume, the Township planned to abandon the Oak Pointe Wastewater Treatment Plant (WWTP) and divert the flow to the Genoa Ocola WWTP. The funding mechanism for taking the Oak Pointe WWTP off line was the proposed Zeeb development.

In 2006, during re-application for our groundwater discharge permit, the State of Michigan initiated new requirements for the WWTP. At this time it was determined that development would not fund abandonment of the plant, and significant improvements were required to both the plant and collection system. The following improvements have been completed since 2006: installation of a new PLC to control the WWTP, storm water improvements, installation of a chemical addition system to meet permitted phosphorus limits, improvements to the rapid infiltration basins, lining of a deteriorating pump station wetwell, and installation of an influent flow meter. We are happy to report that since the improvements were made, the plant and collection system are operating well, although we continue to be plagued with high sodium and chloride concentrations.

In 2009, significant repairs were required to the Oak Pointe Water System which included replacement of iron removal media at the WTP, interior and exterior painting of piping and tanks, and spot painting of the elevated storage tank.

Proposed Rate Increase

This year, the Oak Pointe Water and Sewer systems have implemented a 4% and 9% increase in rates, respectively. Rates are effective May 1, 2010, which will result in reducing the existing deficit in the operational account, as continued reserve fund contributions are unsustainable with no new growth.

The impact to the average customer from this rate increase is as follows:

Flat Rate Sewer increase \$10.08/Quarter or approx. \$40 /Year

Metered Customer Using 18,000 Gal/ Qtr. Increase in **Water** of \$2.40/Qtr or approx. \$10 / Year

Metered Customer Using 18,000 Gal/ Qtr. Increase in **Sewer** of \$9.60/Qtr or approx. \$38 / Year

#### Conclusion

Due to reduced usage, the Oak Pointe Water and Sewer Systems have seen 7.5% and 6.5% revenue decline over what was budgeted for the past fiscal year, respectively. Through operational efficiencies, we were able to lower our operating expenses 8% and 5% for water and sewer respectively, from the budgeted amount. Therefore, the revenue decline, and the inability to use reserve funds to cover deficits any longer, has resulted in this unfortunate, yet necessary rate increase.