



# CITY OF CHEBOYGAN

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## Exhibit B – Option 2

The City of Cheboygan water and sewer system is a multi-million-dollar investment that directly affects the health, safety, and overall quality of life in our community. With every water and sewer bill, our customers are investing to preserve and protect that system. It is the City's responsibility to protect the water and sewer system investments for today's customers, as well as tomorrow's customers. It would be a disservice to our customers to charge inadequate rates and thus compromise the effective, reliable system upon which we all rely. In protecting the community's water and sewer investment, it is the City's responsibility to evaluate rates and adjust them accordingly. All revenues derived from the water and sewer utility bills are used exclusively for water and sewer system expenditures.

The proposed increase was determined through a Rate Study conducted with the Michigan Rural Water Association and is mandated by EGLE to be submitted with a rate calculation demonstrating sufficient revenues to cover expenses. This mandated information has been submitted to EGLE and this information shows a need to raise rates in both water and sewer departments.

Due to failing infrastructure and lack of re-investment, the State of Michigan's Environment, Great Lakes, and Energy (EGLE) Department issued the City Administrative Consent Orders. This made it mandatory for the City to make costly water and wastewater improvements immediately. City Council started the process by investing \$20 million in the reconstruction of the City's wastewater treatment facility. This facility was constructed in the 1970's and had a life expectancy of 25 years. The City is spending \$8.9 million to install a new water tower for fire safety purposes, making well improvements, and reconstructing Mill Street. The City actively pursued grants and low interest loans and is now only responsible for a debt of \$24 million. The increases in water and sewer fees and rates will be almost exclusively used to pay off these debts and to fund some minor other improvements.

### *MISSION STATEMENT*

*The Mission of the City of Cheboygan is to promote economic opportunity and enhance quality of life through innovative commitment of human and natural resources with continued planning, financial allocation, and implementation of goals by responsive staff, and elected and appointed officials.*

*The City of Cheboygan is an Equal Opportunity Provider and Employer.*

**Year 1:**

**Water / Sewer Tap Fees:**

Meter Size – Inches	Water	Sewer
3/4"	\$2,000.00*	\$2,000.00*
1"	\$2,750.00*	\$2,750.00*
1.5"	\$4,000.00*	\$4,000.00*
2"	\$7,000.00*	\$7,000.00*
4"	\$30,000.00*	\$30,000.00*
6"	\$50,000.00*	\$50,000.00*

\*Plus paving costs

**Ready to Serve Fees:**

Meter Size – Inches	Quarterly Ready to Serve Charge Water	Quarterly Ready to Serve Charge Sewer
3/4	\$10.00	\$24.00
1	\$16.70	\$24.00
1 ¼	\$23.40	\$24.00
1 ½	\$33.30	\$24.00
2	\$53.30	\$24.00
4	\$166.70	\$24.00
6	\$333.30	\$24.00

**Water Rate:**

From: \$7.05 per 1000 gallons

To: \$8.31 per 1000 gallons

Non-Residents are billed at 1.5 times the City Rate

See Table Above for Ready to Serve Fee

**Sewer Rate:**

From: \$8.48 per 1000 gallons

To: \$9.24 per 1000 gallons

See Table Above for Ready to Serve Fee

**Flat Fee Sewer:** 14 Units of Sewer charges per Quarter as a Flat Fee

**Lease Deposits:** Lease deposit increase from \$250 to \$350

**Customer Service Fees**

After hours Water Turn-On Fee: from \$40.00 to \$160.00

Leak Credit: If over \$1,000.00, referred to Council

Water Testing: increase from \$18.00 to \$20.00 per sample

Bulk Water Sales:

Hydrant Use Permit \$50.00 annual

\$15.00 per 1000 gallons for Resident

\$20.00 per 1000 gallons Non-Resident

Industrial Laboratory Testing: from \$15.00 to \$20.00 per sample

Septic Hauling: from \$0.08 to \$0.10 per gallon

Sewer Pollution Penalty: **Surcharge Cost Increase (Over Local Limits)**

<b>Parameter</b>	<b>Surcharges</b>
Biochemical Oxygen Demand (BOD <sub>5</sub> )	\$0.14 /lb
Ammonia Nitrogen (NH <sub>3</sub> N)	\$0.53 /lb
Total Phosphorus (P)	\$1.90 /lb
Total Suspended Solids (TSS)	\$0.15 /lb

*Proposed fees to be effective July 1<sup>st</sup>, 2022.*

**Year 2:**

**Water Rate:**

From: \$8.31 per 1000 gallons

To: \$9.57 per 1000 gallons

Non-Residents are billed at 1.5 times the City Rate

**Sewer Rate:**

From: \$9.24 per 1000 gallons

To: \$9.99 per 1000 gallons

*Proposed fees to be effective July 1<sup>st</sup>, 2023.*

## Option 2: Full Ready to Serve & Customer Fee Increase & 50/50 Split Consumption Increase Between YR1 & YR2

### Year 1

#### Current Rates - based on 14 units

Water	\$ 98.70
Sewer	\$ 118.72
RTS Water	\$ 6.00
RTS Sewer	\$ 15.00
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	\$ 238.42 Per Quarter
	\$ 79.47 Per Month

#### Proposed Rates - based on 14 units

		<i>Increase</i>
Water	\$ 116.34	\$ 17.64
Sewer	\$ 129.36	\$ 10.64
RTS Water	\$ 10.00	\$ 4.00
RTS Sewer	\$ 24.00	\$ 9.00
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Per Quarter	\$ 279.70	\$ 41.28
Per Month	\$ 93.23	\$ 13.76

**Annual Increase      \$ 165.12**

\*14 units is the average household usage.

### Year 2

#### Current Rates - based on 14 units

Water	\$ 116.34
Sewer	\$ 129.36
RTS Water	\$ 10.00
RTS Sewer	\$ 24.00
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	\$ 279.70 Per Quarter
	\$ 93.23 Per Month

#### Proposed Rates - based on 14 units

		<i>Increase</i>
Water	\$ 133.98	\$ 17.64
Sewer	\$ 139.86	\$ 10.50
RTS Water	\$ 10.00	\$ -
RTS Sewer	\$ 24.00	\$ -
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Per Quarter	\$ 307.84	\$ 28.14
Per Month	\$ 102.61	\$ 9.38

**Annual Increase      \$ 112.56**