

CITY OF TRAVERSE CITY

MEMORANDUM

To: Martin A. Colburn, City Manager
From: William E. Twietmeyer, City Treasurer/Finance Director *W.E.T.*
Subject: Water Rate Analysis
Date: April 29, 2020

My communication last year recommended a rate increase in the Water Fund for the 2019-2020 fiscal year. **This year, I am recommending NO rate increase for the Water Fund for the 2020-2021 fiscal year.**

Last year the City increased its water rates effective July 1, 2019 because the six year capital plan for the water treatment plant and water distribution system were both very ambitious and costly. The Barlow Reservoir Rehabilitation Project, the new 2 million gallon Barlow Reservoir, the Automated Metering Project, and the 12" Water Main Replacement from Division to Fitzhugh are all significant in scope and cost. In addition there are several water main and transmission projects that have been identified in the capital plan that need to be addressed. These projects include the East-West Transmission Main, the East Front Street 16" Water Main, the Hannah Avenue Water Main, the Park Place Area Infrastructure Improvements, and the Veterans Drive Water Main Replacement Project, as well as numerous projects at the water treatment plant.

The State mandated lockdown imposed by the Governor has had an impact on the revenue side of the Water Fund. However, the impact is mitigated by the fact that water usage is at its lowest in the winter and spring while usage is significantly higher in the summer. The mandated lockdown will affect the ability to begin new projects and complete projects that have already been started. My recommendation is that we take a wait and see approach and next spring we should re-evaluate the situation and then make a determination on the appropriate rate level for the 2021-2022 fiscal year. A copy of the current rate structure is included for reference.

Encl.

WATER RATES

Current Rates

First 600 Cu. Ft or less	Inside City Limits	Outside City Limits
5/8 Inch or 3/4 inch (Avg Residence)	\$15.00	\$22.50
1 Inch	\$30.00	\$45.00
1 1/4 Inch	\$45.00	\$67.50
1 1/2 Inch	\$60.00	\$90.00
2 Inch	\$90.00	\$135.00
3 Inch	\$120.00	\$180.00
4 Inch	\$180.00	\$270.00
6-12 Inch	\$300.00	\$450.00
Next 3,400 Cu. ft./1,000 Cu. ft.	\$19.00	\$28.50
Next 16,000 Cu. ft./1,000 Cu. ft.	\$19.00	\$38.00
All over 20,000 Cu. ft.	\$19.00	\$38.00

Run 4-30-20

CITY OF TRAVERSE CITY

MEMORANDUM

To: Martin A. Colburn, City Manager
From: William E. Twietmeyer, City Treasurer/Finance Director *W.E.T.*
Subject: Sewer Fund Projections
Date: April 29, 2020

My communication last year recommended a rate increase in the Sewer Fund for the 2019-2020 fiscal year. **I am recommending NO rate increase for the Sewer Fund for the 2020-2021 fiscal year.**

Last year the City increased its sewer rates effective July 1, 2019. At that time the rates were increased to \$42.00 for the first 600 cubic feet and \$48.00 per thousand for each additional thousand cubic feet. That increase along with previous rate increases were necessitated by the need to pay for the various capital improvement and maintenance projects both to the collection system and to the wastewater treatment plant. This scenario has not changed with regard to the sewer fund. The annual purchase of new replacement membranes at the wastewater treatment plant should be coming to an end. However, the reconditioning of the digesters, the engineering study pertaining to the Facility Plan, as well as the addition of the primary header replacement, and the scour air blower overhaul are projects that need attention.

The State mandated lockdown imposed by the Governor has not drastically affected the revenue side of the Sewer Fund. However, it has and will affect the ability to begin new projects and complete projects that have already been started. My recommendation is that we take a wait and see approach and next spring we should re-evaluate the situation and then make a determination on the appropriate rate level for the 2021-2022 fiscal year. A copy of the current rate structure is included for reference.

Encl.

SEWER RATES

Current Rates

Inside City Limits

\$42.00 per first 600 cubic feet

\$48.00 per thousand for each additional thousand cubic feet

Customers outside City limits are charged 1 1/2 times the City rate.

Run 4-30-20