

SEWER RATES

FREQUENTLY ASKED QUESTIONS



Why Are Sewer Rate Increases Necessary?

1. Despite cost increases for infrastructure, labor, power and materials, Hartland Township worked diligently to not increase rates for sanitary sewer for over 12 years and non-residential user rates had not previously risen in more than 22 years (1986-2008).
2. Hartland Township's sewer system is now owned and operated by the Livingston County Drain Commissioner (LCDC), and the wastewater is treated by Genesee County. LCDC rates have steadily increased since they took over the system and Hartland Township continues to advocate for savings and control wherever possible. Genesee County also experienced a cost increase for treatment that required a raise to their charges.
3. The original sanitary sewer system failed to comply with requirements of the Michigan Department of Environmental Quality (MDEQ) and required mitigation, which led to the transfer to the LCDC and treating the wastewater in Genesee County. While a significant portion of the new infrastructure costs were funded through the addition of new users and future additions to the system, a portion of these costs were to be borne by the existing customers as necessary to the continued existence of the system.
4. In recent years, the Township experienced a significant deficit in the operations budget due to the factors outlined above. As a result, the Township was required to submit a five-year deficit elimination plan to the State of Michigan, which included rate increases.
5. Some of the new users that signed agreements for future service to vacant land have failed to pay on their special assessments in the last couple of years and the Township now owns those properties. Unfortunately, the land values fell below the amount of those obligations in some instances, resulting in delinquencies that could not be immediately recovered. While all of the sewer users will share in part of those losses in the interim, the Township has aggressively pursued solutions that will keep this issue manageable, having received widespread recognition for its innovative efforts to this statewide problem.

Readiness-to-Serve (RTS) Charge	\$ 2.24
*Flat Rate (Non-Metered)	\$ 118.07
*Commodity Charge (per 1,000 gallons metered)	\$ 5.90
Grinder Pump Surcharge	\$ 28.91
Capital Charge (Debt Service per REU)	\$ 13.80

(All charges per quarter)

*Customers either pay Flat Rate or Commodity Charge, but not both

NEW QUARTERLY RATES
JANUARY 1, 2012

How are sewer rates calculated?

Sewer rates are calculated based on the cost of treating the wastewater by Genesee County, the pumping costs required to bring the wastewater out of lower elevations and to Genesee County, labor costs, testing, materials costs and other operating expenses associated with repairing and maintaining the sewer system by the Livingston County Drain Commissioner's Office, as well as nominal administrative, billing and other overhead costs of Hartland Township.

Why are the bills going up every quarter?

Because the required rate adjustments were so significant, Hartland Township evaluated every possible strategy to minimize the negative impact on its users, including avoiding the one-time 95% rate increase originally recommended by the auditors in 2008. Under the current approach of slower implementation, some rates still required annual increases of up to 20%. The Township trusts that the users have found it to be of value for smaller increases to be done one quarter at a time, rather than a larger surge all at once. Due to these efforts, future quarterly increases will now average about 2% or less.

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How much longer will these increases continue?

The rate study only evaluated and projected usage through 2017. If all of the assumptions hold true for that period of time, the Township is hopeful that the sewer will be out of its operational deficit by that time and can transition to maintaining its rates at or near inflationary adjustments.

What is a Readiness-To-Serve (RTS) Charge?

Sometimes called a “Base Charge”, the RTS represents the fixed overhead cost of the system to operate, regardless of the number of customers or usage (i.e. meter reading, billing, accounting, administration, etc.). Like many older systems, the Township’s original rate structure did not treat these costs as fixed, but this transition will help stabilize the fiscal health of the sewer system.

What is a Grinder Pump Surcharge?

With the 1996 sewer expansion, the addition of grinder pumps was required in order to service lower elevations in the Township. This additional equipment requires maintenance and eventual replacement, for which the surcharge recovers this additional cost.

What is a Capital Charge (Debt Service)?

As previously outlined, part of the borrowing costs to expand the system for treatment in Genesee County were to be charged to users as their share of sustaining the existing system. This charge helps to repay the bonds, with a portion also dedicated to offsetting losses due to recent special assessment delinquencies. The charge is based on each Residential Equivalent Unit (REU) – One (1) single-family home is equal to one (1) REU.

What does LCDC charge to Hartland Township?

Hartland Township currently pays Livingston County \$7.16 per 1,000 gallons, which is significantly more than the current Township rate structure.

How high are the rates going to be?

Quarterly rates at the end of the five year rate study are projected at:

Readiness-to-Serve (RTS) Charge	\$ 47.04
*Flat Rate (Non-Metered)	\$ 124.87
*Commodity Charge (per 1,000 gallons metered)	\$ 7.90
Grinder Pump Surcharge	\$ 35.91
Capital Charge (Debt Service per REU)	\$ 16.83

PROJECTED RATE
JANUARY 1, 2017

How do Hartland Township rates compare to other local communities?

Residential flat rate (non-metered) with grinder pump billing examples:

Brighton Township	\$ 160.50
Fenton Township	\$ 255.00
Hamburg Township	\$ 149.50
*Hartland Township	\$ 163.02
Howell Township	\$ 188.31
Tyrone Township	\$ 165.75

*Proposed rate for January 1, 2012, shown in comparison with current rates for other communities (which may increase in 2012).

PROPOSED RATE 1/1/12
VS. CURRENT RATES