

Board of Public Utilities

Special Meeting Agenda

Monday, January 9, 2017
4:00 p.m., DPW Conference Room
1199 8th Avenue



1. Call to Order
2. Roll Call
3. Approval of Agenda
4. Interested Citizens in the Audience Will be Heard on Items Not on the Agenda

REPORTS

5. Cost of Energy from Indiana-Michigan Power Company (AEP)

- A. 2016 Billings – All Charges
- B. 2015 Billings – All Charges

6. Financial Reports

- A. Electric Fund – Financial Statement
- B. Electric Fund – Review of Percentage Billed
- C. Water Fund – Financial Statement
- D. Water Fund – Review of Percentage Billed
- E. Sewer Fund – Financial Statement

NEW BUSINESS

7. Water & Sewer rate recommendations.
8. Financing availability fees.
9. DPW Director Comments
10. Board Member Comments
11. Adjourn

RESPECTFULLY SUBMITTED,

William Hunter
DPW Director

South Haven DPW Building is Barrier-free and the City of South Haven will provide the necessary reasonable auxiliary aids and services for persons with disabilities, such as signers for the hearing impaired and audio tapes of printed materials being considered at the meeting to individuals with disabilities at the meeting upon seven (7) days notice to the South Haven City Clerk. Individuals with disabilities requiring services should contact the City Clerk by writing or calling South Haven City Hall at (269) 637-0750.

| CITY OF SOUTH HAVEN | | | | | | | | | | | | | | | | | | | | |
|---|-----------|-------------|--------|--------------|-----------|-------------|------------|--------------|--------------|----------------|----------------|-------------------------------------|-----------------|-------------|-----------------|-------------|------------|-------------|----------------|-----------|
| Cost of Electric Energy from Indiana-Michigan Power Company (AEP) | | | | | | | | | | | | | | | | | | | | |
| 2016 | | | | | | | | | | | | | | | | | | | | |
| Date | ACTUAL | | | | BILLING | | | COST | | | | PJM Open Access Transmission Tariff | | | | | | Total Cost | cts/ KWHR | |
| | KW Demand | KVAR Demand | KVA | Power Factor | KW Demand | KVAR Demand | KWHR | \$ KW Demand | \$ KWHR | \$ Fuel Charge | \$ Fuel Adjust | Actual Fuel True-up | Sch 1A \$ KWHRS | \$ Network | RTO Start-up \$ | Other | Credits | | | Total PJM |
| Main | 10,439 | 2,429 | 10,718 | 0.9740 | 10,439 | 2,429 | 6,213,637 | \$201,117.97 | \$63,931.49 | | | | | | | | | | | |
| Welder | 415 | 340 | 537 | 0.7733 | 415 | 340 | 205,261 | \$7,999.24 | \$2,111.91 | | | | | | | | | | | |
| Phoenix | 7,613 | 1,575 | 7,775 | 0.9793 | 7,613 | 1,575 | 4,511,592 | \$146,679.96 | \$46,419.32 | | | | | | | | | | | |
| Nov-16 | 18,468 | 4,344 | 18,972 | 0.9734 | 18,468 | 4,344 | 10,930,490 | \$355,797.17 | \$112,462.72 | \$179,602.15 | \$41,538.05 | (\$20,872.84) | \$1,043.29 | \$76,530.85 | \$160.58 | \$15,511.17 | (\$631.31) | \$92,614.58 | \$761,141.83 | 6.963 |
| Main | 11,246 | 3,080 | 11,660 | 0.9645 | 11,246 | 3,080 | 6,252,627 | \$216,665.03 | \$64,332.66 | | | | | | | | | | | |
| Welder | 376 | 362 | 522 | 0.7198 | 376 | 362 | 199,088 | \$7,238.24 | \$2,048.40 | | | | | | | | | | | |
| Phoenix | 8,995 | 2,587 | 9,360 | 0.9610 | 8,995 | 2,587 | 4,991,670 | \$173,304.99 | \$51,358.80 | | | | | | | | | | | |
| Oct-16 | 20,617 | 6,029 | 21,481 | 0.9598 | 20,617 | 6,029 | 11,443,386 | \$397,208.26 | \$117,739.85 | \$188,029.69 | \$9,261.13 | \$53,782.67 | \$1,092.24 | \$79,081.88 | \$165.93 | \$16,410.41 | (\$635.56) | \$96,114.90 | \$862,136.50 | 7.534 |
| Main | 16,090 | 5,313 | 16,944 | 0.9496 | 16,090 | 5,313 | 6,905,472 | \$309,989.65 | \$71,049.71 | | | | | | | | | | | |
| Welder | 319 | 266 | 415 | 0.7687 | 319 | 266 | 156,599 | \$6,149.71 | \$1,611.23 | | | | | | | | | | | |
| Phoenix | 14,284 | 5,463 | 15,293 | 0.9340 | 14,284 | 5,463 | 5,903,967 | \$275,195.26 | \$60,745.32 | | | | | | | | | | | |
| Sep-16 | 30,693 | 11,042 | 32,619 | 0.9410 | 30,693 | 11,042 | 12,966,037 | \$591,334.61 | \$133,406.26 | \$213,048.85 | \$31,821.25 | \$106,772.70 | \$1,237.57 | \$76,530.85 | \$160.58 | \$16,691.15 | (\$640.46) | \$93,979.69 | \$1,170,363.36 | 9.026 |
| Main | 17,425 | 6,028 | 18,438 | 0.9450 | 17,425 | 6,028 | 8,613,703 | \$335,709.38 | \$88,625.53 | | | | | | | | | | | |
| Welder | 294 | 191 | 351 | 0.8387 | 294 | 191 | 206,553 | \$5,669.98 | \$2,125.20 | | | | | | | | | | | |
| Phoenix | 16,067 | 6,377 | 17,286 | 0.9295 | 16,067 | 6,377 | 7,630,196 | \$309,542.29 | \$78,506.33 | | | | | | | | | | | |
| Aug-16 | 33,786 | 12,596 | 36,058 | 0.9370 | 33,786 | 12,596 | 16,450,452 | \$650,921.65 | \$169,257.06 | \$270,302.32 | (\$20,469.30) | (\$23,100.97) | \$1,570.15 | \$79,081.88 | \$165.93 | \$16,522.63 | (\$771.47) | \$96,569.12 | \$1,143,479.88 | 6.951 |
| Main | 16,839 | 5,631 | 17,756 | 0.9484 | 16,839 | 5,631 | 8,378,893 | \$324,419.89 | \$86,209.59 | | | | | | | | | | | |
| Welder | 351 | 304 | 465 | 0.7555 | 351 | 304 | 167,021 | \$6,762.37 | \$1,718.46 | | | | | | | | | | | |
| Phoenix | 15,101 | 5,781 | 16,170 | 0.9339 | 15,101 | 5,781 | 7,565,172 | \$290,929.80 | \$77,837.30 | | | | | | | | | | | |
| Jul-16 | 32,291 | 11,717 | 34,351 | 0.9400 | 32,291 | 11,717 | 16,111,086 | \$622,112.05 | \$165,765.35 | \$264,726.09 | (\$47,232.87) | (\$36,558.93) | \$1,537.76 | \$79,081.88 | \$165.93 | \$16,015.58 | (\$810.91) | \$95,990.24 | \$1,064,801.93 | 6.609 |
| Main | 13,497 | 4,285 | 14,161 | 0.9531 | 13,497 | 4,285 | 6,885,696 | \$260,035.71 | \$70,846.24 | | | | | | | | | | | |
| Welder | 146 | 255 | 294 | 0.4971 | 146 | 255 | 212,771 | \$2,810.91 | \$2,189.18 | | | | | | | | | | | |
| Phoenix | 13,110 | 4,341 | 13,810 | 0.9493 | 13,110 | 4,341 | 5,953,731 | \$252,579.76 | \$61,257.34 | | | | | | | | | | | |
| Jun-16 | 26,753 | 8,881 | 28,189 | 0.9491 | 26,753 | 8,881 | 13,052,198 | \$515,426.38 | \$134,292.76 | \$214,464.58 | \$26,860.12 | \$197,920.03 | \$1,280.89 | \$76,701.79 | \$160.58 | \$13,423.87 | (\$605.67) | \$90,961.46 | \$1,179,925.33 | 9.040 |
| Main | 11,909 | 3,200 | 12,331 | 0.9657 | 11,909 | 3,200 | 6,071,150 | \$211,944.12 | \$68,726.63 | | | | | | | | | | | |
| Welder | 431 | 326 | 540 | 0.7976 | 431 | 326 | 156,353 | \$7,663.39 | \$1,769.95 | | | | | | | | | | | |
| Phoenix | 10,814 | 3,369 | 11,327 | 0.9547 | 10,814 | 3,369 | 5,101,502 | \$192,463.52 | \$57,750.02 | | | | | | | | | | | |
| May-16 | 23,154 | 6,895 | 24,159 | 0.9584 | 23,154 | 6,895 | 11,329,006 | \$412,071.03 | \$128,246.61 | \$167,297.69 | \$42,199.41 | \$46,010.69 | \$1,111.78 | \$70,510.79 | \$162.61 | \$12,905.56 | (\$570.53) | \$84,120.21 | \$879,945.64 | 7.767 |
| Main | 10,055 | 1,999 | 10,252 | 0.9808 | 10,055 | 1,999 | 5,734,491 | \$178,949.01 | \$64,915.58 | | | | | | | | | | | |
| Welder | 373 | 315 | 489 | 0.7642 | 373 | 315 | 196,032 | \$6,645.40 | \$2,219.12 | | | | | | | | | | | |
| Phoenix | 7,413 | 1,634 | 7,591 | 0.9766 | 7,413 | 1,634 | 4,476,314 | \$131,924.00 | \$50,672.77 | | | | | | | | | | | |
| Apr-16 | 17,841 | 3,948 | 18,273 | 0.9764 | 17,841 | 3,948 | 10,406,836 | \$317,518.41 | \$117,807.47 | \$153,679.84 | \$9,193.40 | \$29,374.01 | \$1,021.29 | \$68,236.25 | \$157.36 | \$12,684.90 | (\$598.07) | \$81,501.73 | \$709,074.86 | 6.814 |
| Main | 10,772 | 1,820 | 10,925 | 0.9860 | 10,772 | 1,820 | 6,175,345 | \$191,709.55 | \$69,906.14 | | | | | | | | | | | |
| Welder | 312 | 276 | 417 | 0.7483 | 312 | 276 | 208,084 | \$5,547.32 | \$2,355.55 | | | | | | | | | | | |
| Phoenix | 7,851 | 1,251 | 7,950 | 0.9875 | 7,851 | 1,251 | 4,676,007 | \$139,715.62 | \$52,933.33 | | | | | | | | | | | |
| Mar-16 | 18,934 | 3,348 | 19,228 | 0.9847 | 18,934 | 3,348 | 11,059,436 | \$336,972.49 | \$125,195.03 | \$163,316.90 | \$15,184.61 | \$44,308.72 | \$1,085.33 | \$70,510.79 | \$162.61 | \$12,663.84 | (\$576.34) | \$83,846.23 | \$768,823.98 | 6.952 |
| Main | 10,991 | 2,028 | 11,177 | 0.9834 | 10,991 | 2,028 | 6,302,889 | \$195,606.20 | \$71,349.97 | | | | | | | | | | | |
| Welder | 139 | 282 | 314 | 0.4416 | 139 | 282 | 149,844 | \$2,466.66 | \$1,696.27 | | | | | | | | | | | |
| Phoenix | 8,486 | 1,133 | 8,561 | 0.9912 | 8,486 | 1,133 | 4,734,776 | \$151,024.72 | \$53,598.62 | | | | | | | | | | | |
| Feb-16 | 19,616 | 3,443 | 19,915 | 0.9849 | 19,616 | 3,443 | 11,187,510 | \$349,097.59 | \$126,644.85 | \$165,208.19 | \$509.03 | \$28,825.21 | \$1,097.90 | \$65,961.70 | \$152.12 | \$12,663.84 | (\$782.56) | \$79,093.00 | \$749,377.87 | 6.698 |
| Main | 11,894 | 2,299 | 12,114 | 0.9818 | 11,894 | 2,299 | 7,171,623 | \$211,677.84 | \$81,184.21 | | | | | | | | | | | |
| Welder | 290 | 355 | 458 | 0.6323 | 290 | 355 | 147,920 | \$5,152.23 | \$1,674.49 | | | | | | | | | | | |
| Phoenix | 8,211 | 1,158 | 8,292 | 0.9902 | 8,211 | 1,158 | 4,864,669 | \$146,129.60 | \$55,069.02 | | | | | | | | | | | |
| Jan-16 | 20,394 | 3,812 | 20,748 | 0.9830 | 20,394 | 3,812 | 12,184,212 | \$362,959.67 | \$137,927.72 | \$179,926.69 | (\$7,579.80) | \$39,241.29 | \$1,195.71 | \$70,559.06 | \$162.61 | \$12,616.31 | (\$892.92) | \$83,640.77 | \$796,116.34 | 6.534 |

Year to Date 2016: 137,120,650 \$465,703 \$10,085,188 7.355

Notes: * Includes 2015 Annual Rate True-Up of \$125,821.32
 ** Adjustment Includes Correction of \$7,072.97 for 1st 5 Months of 2016. In PJM Open Access Trans Charge, NSPL wasn't updated at end of 2015 per Formula. See Invoice.

| | 2016 | | | Jun-16 | | |
|--------|-----------|-----------|----------|-----------|-----------|---------|
| | Old | New | % Change | Old rate | New rate | |
| \$/kWh | 17.797 | 19.266 | 8.3% | \$476.126 | \$515,426 | \$/KWh |
| \$/Kwh | 0.01132 | 0.0102889 | -9.1% | \$147,753 | \$134,293 | \$/KWHR |
| | Composite | | | | | |
| | | | 4.14% | | | |

City of South Haven
Electric Fund - Fund 582
For the period ended November 30, 2016

Col 6 & 11

| Revenues: | Month Actual | Monthly Budget | Prior year MTD | MTD Variance to Budget | MTD Variance to Prior Year | YTD Actual | YTD Budget | Prior YTD Actual | Variance to Budget | Variance to Prior Year | 2016-17 Adopted Budget | % of Annual Budget |
|-----------------------|---------------------|---------------------|---------------------|------------------------|----------------------------|---------------------|---------------------|---------------------|--------------------|------------------------|------------------------|--------------------|
| Electric Sales | \$ 1,248,630 | \$ 1,332,555 | \$ 1,159,651 | \$ (83,925) | \$ 88,979 | \$ 6,990,265 | \$ 6,662,774 | \$ 6,033,293 | \$ 327,491 | \$ 956,972 | \$ 15,990,657 | 44% |
| Charges for Service | \$ (987) | \$ 12,500 | \$ 23,720 | \$ (13,487) | \$ (24,708) | \$ 74,564 | \$ 62,500 | \$ 68,365 | \$ 12,064 | \$ 6,199 | \$ 150,000 | 50% |
| Interest Income | \$ 419 | \$ 2,500 | \$ 2,695 | \$ (2,081) | \$ (2,276) | \$ 17,844 | \$ 12,500 | \$ 16,553 | \$ 5,344 | \$ 1,290 | \$ 30,000 | 59% |
| Other Revenue | \$ 1,840 | \$ 3,333 | \$ 3,197 | \$ (1,493) | \$ (1,356) | \$ 54,060 | \$ 16,667 | \$ 17,380 | \$ 37,394 | \$ 36,680 | \$ 40,000 | 135% |
| Transfers In | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | - |
| Total Revenues | \$ 1,249,902 | \$ 1,350,888 | \$ 1,189,262 | \$ (100,986) | \$ 60,639 | \$ 7,136,733 | \$ 6,754,440 | \$ 6,135,592 | \$ 382,293 | \$ 1,001,141 | \$ 16,210,657 | |

1 2 3 4 5 6 7 8 9 10 11

| Expenses | Month Actual | Monthly Budget | Prior year MTD | MTD Variance to Budget | MTD Variance to Prior Year | YTD Actual | YTD Budget | Prior YTD Actual | Variance to Budget | Variance to Prior Year | 2016-17 Adopted Budget | % of Annual Budget |
|---------------------------|---------------------|---------------------|-------------------|------------------------|----------------------------|---------------------|---------------------|---------------------|--------------------|------------------------|------------------------|--------------------|
| Purchased Power | \$ 761,142 | \$ 852,679 | \$ 573,461 | \$ (91,538) | \$ 187,681 | \$ 5,001,924 | \$ 4,263,397 | \$ 4,442,774 | \$ 738,526 | \$ 559,150 | \$ 10,232,153 | 49% |
| Other Operating Expenses | \$ 135,692 | \$ 181,784 | \$ 178,172 | \$ (46,092) | \$ (42,480) | \$ 776,151 | \$ 908,919 | \$ 762,844 | \$ (132,768) | \$ 13,307 | \$ 2,181,406 | 36% |
| Property Tax Equivalents | \$ 63,288 | \$ 63,288 | \$ 60,700 | \$ (0) | \$ 2,588 | \$ 316,442 | \$ 316,442 | \$ 303,500 | \$ (0) | \$ 12,942 | \$ 759,460 | 42% |
| Energy Optimization Costs | \$ 14,863 | \$ 22,749 | \$ 22,945 | \$ (7,887) | \$ (8,083) | \$ 79,269 | \$ 113,745 | \$ 91,531 | \$ (34,476) | \$ (12,262) | \$ 272,989 | 29% |
| Capital Outlay | \$ 62,753 | \$ 85,417 | \$ 13,800 | \$ (22,664) | \$ 48,952 | \$ 179,007 | \$ 427,083 | \$ 79,257 | \$ (248,077) | \$ 99,750 | \$ 1,025,000 | 17% |
| Transfer Out | \$ 14,071 | \$ 14,071 | \$ 14,066 | \$ 0 | \$ 5 | \$ 70,356 | \$ 70,356 | \$ 70,329 | \$ 0 | \$ 27 | \$ 168,854 | 42% |
| Depreciation | \$ 67,500 | \$ 67,500 | \$ 67,149 | \$ - | \$ 351 | \$ 337,500 | \$ 337,500 | \$ 335,744 | \$ - | \$ 1,756 | \$ 810,000 | 42% |
| Administrative Expenses | \$ 67,342 | \$ 69,253 | \$ 59,956 | \$ (1,910) | \$ 7,386 | \$ 331,651 | \$ 346,263 | \$ 346,545 | \$ (14,612) | \$ (14,893) | \$ 831,031 | 40% |
| Total Expenses | \$ 1,186,651 | \$ 1,356,741 | \$ 990,249 | \$ (170,090) | \$ 196,402 | \$ 7,092,299 | \$ 6,783,705 | \$ 6,432,522 | \$ 308,593 | \$ 659,777 | \$ 16,280,893 | |

Net Fund Change \$ 63,250 \$ (5,853) \$ 199,013 \$ 69,103 \$ (135,763) \$ 44,434 \$ (29,265) \$ (296,930) \$ 73,699 \$ 341,365 \$ (70,236)

AS OF JUNE 30, 2016 **AUDITED**

| | |
|--------------------------------|-----------------|
| Retained Earnings, as Adjusted | \$ 16,505,113 |
| Less Net Capital Assets | \$ (13,771,107) |
| Net Undesignated Reserves | \$ 2,734,007 |

Breakdown:

| | |
|----------------------------|---------------------|
| Cash/Investments | \$ 2,594,361 |
| Current Assets | \$ 3,069,924 |
| Current Liabilities | \$ (2,930,279) |
| Net Working Capital | \$ 2,734,007 |

AS OF CURRENT MONTH END

| | |
|--|-----------------|
| Retained Earnings-FYE | \$ 16,505,113 |
| Less Net Capital Assets | \$ (13,483,607) |
| Net Undesignated Reserves | \$ 3,021,507 |
| Net Income Per Income Statement Revenue > Expenses | \$ 44,434 |
| Add back Non-cash Depreciation Expense | \$ - |
| | \$ 3,065,941 |

Breakdown:

| | |
|----------------------------|---------------------|
| Cash/Investments | \$ 3,213,153 |
| Current Assets | \$ 2,247,457 |
| Current Liabilities | \$ (2,394,670) |
| Net Working Capital | \$ 3,065,941 |

PROJECTED BALANCE AT JUNE 30, 2017 **Based on Amended Annual Budget-for depreciation only**

| | |
|--|-----------------|
| Beginning Retained Earnings-July 1, 2016 | \$ 16,505,113 |
| Adjusted Net Capital Assets - with adjusted depreciation | \$ (13,986,107) |
| Net Income Per Income Statement Revenue > Expenses | \$ (70,236) |
| | \$ 2,448,770 |

Net Working Capital \$ 2,448,770 Projected thru 6/30/17

The Net Working Capital is shown here for June 30, 2016, Current Month Ended, and Projected at June 30, 2017. The amounts represent what is left over after all of the short-term obligations have been met and represents the relatively liquid portion of the Utility's retained earnings or reserves that can be used for future expenditures.

CITY OF SOUTH HAVEN
ELECTRIC FUND
KWH COMPARISONS
ROLLING TWELVE MONTHS

| | | KWH | KWH | KWH | STREET LTS | TOTAL KWH | PERCENTAGE | PERCENTAGE | |
|--------------------|------|--------------------|--------------------|----------------|------------|--------------------|------------------|---------------|----|
| | | PURCHASED | BILLED | STREET LTS | 12 MO AVE. | BILLED AND | BILLED AND | BILLED AND | |
| | | | | | | STREET LTS | TO PURCHASED | TO PURCHASED | |
| | | | | | | | (ROLLING 12 MOS) | TO PURCHASED | |
| | | | | | | | | CURRENT MONTH | |
| FISCAL 2014 | | | | | | | | | |
| July | 2013 | 14,702,976 | 12,364,189 | 37,740 | 52,213 | 12,401,929 | 94.64% | 84.35% | 31 |
| August | 2013 | 13,559,712 | 13,582,248 | 42,342 | 52,126 | 13,624,590 | 94.42% | 100.48% | 31 |
| September | 2013 | 11,670,399 | 12,462,283 | 48,796 | 52,143 | 12,511,079 | 95.03% | 107.20% | 30 |
| October | 2013 | 10,945,398 | 10,453,792 | 54,475 | 52,125 | 10,508,267 | 94.91% | 96.01% | 31 |
| November | 2013 | 10,657,150 | 9,502,492 | 58,511 | 51,866 | 9,561,003 | 94.96% | 89.71% | 30 |
| December | 2013 | 11,962,287 | 10,244,088 | 71,063 | 52,032 | 10,315,151 | 94.68% | 86.23% | 31 |
| January | 2014 | 12,608,593 | 10,959,716 | 65,878 | 51,791 | 11,025,594 | 94.12% | 87.45% | 31 |
| February | 2014 | 11,410,071 | 12,066,200 | 59,636 | 51,790 | 12,125,836 | 94.72% | 106.27% | 29 |
| March | 2014 | 11,773,033 | 10,878,414 | 54,626 | 51,925 | 10,933,040 | 94.54% | 92.87% | 31 |
| April | 2014 | 10,374,016 | 10,020,033 | 48,541 | 51,953 | 10,068,574 | 94.63% | 97.06% | 30 |
| May | 2014 | 11,203,732 | 10,614,984 | 44,334 | 51,971 | 10,659,318 | 94.97% | 95.14% | 31 |
| June | 2014 | 12,746,940 | 11,082,867 | 39,220 | 52,097 | 11,122,087 | 93.90% | 87.25% | 30 |
| | | <u>143,614,306</u> | <u>134,231,306</u> | <u>625,162</u> | | <u>134,856,468</u> | | | |
| FISCAL 2015 | | | | | | | | | |
| July | 2014 | 13,717,651 | 12,578,551 | 38,129 | 52,129 | 12,616,680 | 96.41% | 91.97% | 31 |
| August | 2014 | 14,486,040 | 12,740,027 | 42,644 | 52,154 | 12,782,671 | 94.07% | 88.24% | 31 |
| September | 2014 | 11,824,906 | 13,323,234 | 48,696 | 52,146 | 13,371,930 | 94.64% | 113.08% | 30 |
| October | 2014 | 11,327,065 | 11,109,952 | 55,667 | 52,245 | 11,165,619 | 95.09% | 98.57% | 31 |
| November | 2014 | 11,400,971 | 10,662,987 | 62,443 | 52,573 | 10,725,430 | 94.71% | 94.07% | 30 |
| December | 2014 | 12,007,610 | 11,126,842 | 67,163 | 52,248 | 11,194,005 | 95.06% | 93.22% | 31 |
| January | 2015 | 12,646,269 | 11,962,202 | 63,831 | 52,078 | 12,026,033 | 95.27% | 95.10% | 31 |
| February | 2015 | 11,642,781 | 11,272,243 | 59,367 | 52,055 | 11,331,610 | 95.05% | 97.33% | 29 |
| March | 2015 | 11,611,940 | 10,475,991 | 55,391 | 52,119 | 10,531,382 | 94.93% | 90.69% | 31 |
| April | 2015 | 10,409,946 | 10,889,321 | 49,374 | 52,188 | 10,938,695 | 95.50% | 105.08% | 30 |
| May | 2015 | 11,362,501 | 10,551,097 | 43,678 | 52,134 | 10,594,775 | 95.38% | 93.24% | 31 |
| June | 2015 | 12,140,981 | 10,457,881 | 38,776 | 52,097 | 10,496,657 | 95.29% | 86.46% | 30 |
| | | <u>144,578,660</u> | <u>137,150,328</u> | <u>625,159</u> | | <u>137,775,487</u> | | | |
| FISCAL 2016 | | | | | | | | | |
| July | 2015 | 14,677,143 | 13,243,711 | 38,312 | 52,112 | 13,282,023 | 93.91% | 90.49% | 31 |
| August | 2015 | 14,339,662 | 13,784,516 | 43,194 | 52,158 | 13,827,710 | 93.48% | 96.43% | 31 |
| September | 2015 | 12,441,903 | 13,414,247 | 48,002 | 52,100 | 13,462,249 | 94.04% | 108.20% | 30 |
| October | 2015 | 11,188,839 | 11,094,437 | 54,768 | 52,025 | 11,149,205 | 94.43% | 99.65% | 31 |
| November | 2015 | 10,684,266 | 9,455,848 | 61,411 | 51,939 | 9,517,259 | 94.57% | 89.08% | 30 |
| December | 2015 | 11,590,762 | 9,764,754 | 67,711 | 51,985 | 9,832,465 | 94.49% | 84.83% | 31 |
| January | 2016 | 12,184,212 | 11,882,513 | 62,508 | 51,855 | 11,945,021 | 94.16% | 98.04% | 31 |
| February | 2016 | 11,187,510 | 10,966,030 | 59,563 | 51,849 | 11,025,593 | 94.39% | 98.55% | 29 |
| March | 2016 | 11,059,436 | 10,905,400 | 53,548 | 51,759 | 10,958,948 | 94.48% | 99.09% | 31 |
| April | 2016 | 10,406,837 | 10,376,409 | 47,900 | 51,706 | 10,424,309 | 94.67% | 100.17% | 30 |
| May | 2016 | 11,329,005 | 9,214,689 | 43,807 | 51,662 | 9,258,496 | 94.48% | 81.72% | 31 |
| June | 2016 | 13,052,198 | 12,169,496 | 37,317 | 51,503 | 12,206,813 | 94.97% | 93.52% | 30 |
| | | <u>144,141,773</u> | <u>136,272,049</u> | <u>618,041</u> | | <u>136,890,090</u> | | | |
| FISCAL 2017 | | | | | | | | | |
| July | 2016 | 16,111,086 | 13,534,627 | 37,151 | 51,407 | 13,571,778 | 95.18% | 84.24% | 31 |
| August | 2016 | 16,450,462 | 15,575,578 | 42,043 | 51,311 | 15,617,621 | 94.42% | 94.94% | 31 |
| September | 2016 | 12,966,038 | 14,925,981 | 47,252 | 51,248 | 14,973,233 | 95.22% | 115.48% | 30 |
| October | 2016 | 11,443,385 | 10,917,866 | 53,941 | 51,179 | 10,971,807 | 95.29% | 95.88% | 31 |
| November | 2016 | 10,930,490 | 10,046,617 | 59,592 | 51,028 | 10,106,209 | 95.27% | 92.46% | 30 |
| | | <u>67,901,460</u> | <u>65,000,668</u> | <u>239,979</u> | | <u>65,240,647</u> | | | |
| Prior Year-to-date | | 63,331,813 | 60,992,759 | 245,687 | | 61,238,446 | | | |
| Two Years Prior | | 62,756,633 | 60,414,751 | 247,579 | | 60,662,330 | | | |

City of South Haven
Water Fund - Fund 591
For the period ended November 30, 2016

Col 6 & 11

| Revenues: | Month Actual | Monthly Budget | Prior year MTD | MTD Variance to Budget | MTD Variance to Prior Year | YTD Actual | YTD Budget | Prior YTD Actual | Variance to Budget | Variance to Prior Year | 2016-17 Adopted Budget | % of Annual Budget |
|----------------------------|---------------------|-------------------|-------------------|------------------------|----------------------------|---------------------|---------------------|---------------------|--------------------|------------------------|------------------------|--------------------|
| Sales | \$ 312,971 | \$ 369,892 | \$ 344,566 | \$ (56,921) | \$ (31,595) | \$ 1,611,002 | \$ 1,849,460 | \$ 1,548,516 | \$ (238,458) | \$ 62,486 | \$ 4,438,705 | 36% |
| Charges for Service | 9,850 | 8,000 | - | 1,850 | 9,850 | 37,328 | 40,000 | 30,160 | (2,672) | 7,168 | 96,000 | 39% |
| Interest Income | 2,167 | 667 | 3,906 | 1,501 | (1,738) | 6,118 | 3,333 | 7,314 | 2,784 | (1,196) | 8,000 | 76% |
| Special Assessment Revenue | - | 11,495 | - | (11,495) | - | - | 57,475 | - | (57,475) | - | 137,941 | 0% |
| Other Revenue | 825,765 | 70,517 | 7,331 | 755,248 | 818,434 | 836,360 | 352,587 | 24,372 | 483,774 | 811,989 | 846,208 | 99% |
| Total Revenues | \$ 1,150,754 | \$ 460,571 | \$ 355,803 | \$ 690,183 | \$ 794,951 | \$ 2,490,808 | \$ 2,302,856 | \$ 1,610,360 | \$ 187,952 | \$ 880,447 | \$ 5,526,854 | |

| Expenses: | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | % of Annual Budget |
|--------------------------|---------------------|-------------------|-------------------|------------------------|----------------------------|---------------------|---------------------|---------------------|--------------------|------------------------|------------------------|--------------------|
| | Month Actual | Monthly Budget | Prior year MTD | MTD Variance to Budget | MTD Variance to Prior Year | YTD Actual | YTD Budget | Prior YTD Actual | Variance to Budget | Variance to Prior Year | 2016-17 Adopted Budget | |
| Operating Expenses | \$ 145,169 | \$ 137,776 | \$ 103,662 | \$ 7,394 | \$ 41,507 | \$ 646,866 | \$ 688,878 | \$ 559,901 | \$ (42,011) | \$ 86,965 | \$ 1,653,307 | 39% |
| Property Tax Equivalents | 16,701 | 16,701 | 16,701 | - | - | 83,506 | 83,506 | 83,506 | - | - | 200,415 | 42% |
| Capital Outlay | 102,013 | 99,542 | 7,882 | 2,471 | 94,131 | 451,195 | 497,709 | 18,801 | (46,514) | 432,394 | 1,194,501 | 38% |
| Debt Service | 717,813 | 128,163 | 725,279 | 589,650 | (7,466) | 722,696 | 640,813 | 730,441 | 81,883 | (7,746) | 1,537,951 | 47% |
| Transfers Out | - | 1,157 | - | (1,157) | - | - | 5,784 | - | (5,784) | - | 13,882 | 0% |
| Depreciation | 52,583 | 52,583 | 16,307 | - | 36,276 | 262,917 | 262,917 | 81,535 | - | 181,382 | 631,000 | 42% |
| Administrative Expenses | 20,295 | 24,582 | 15,175 | (4,287) | 5,120 | 111,937 | 122,910 | 115,908 | (10,972) | (3,971) | 294,983 | 38% |
| Total Expenses | \$ 1,054,575 | \$ 460,503 | \$ 885,006 | \$ 594,072 | \$ 169,569 | \$ 2,279,118 | \$ 2,302,516 | \$ 1,590,093 | \$ (23,399) | \$ 689,025 | \$ 5,526,039 | |

Net Fund Change \$ 96,179 \$ 68 \$ (529,203) \$ 96,111 \$ 625,382 \$ 211,690 \$ 340 \$ 20,267 \$ 211,350 \$ 191,423 \$ 815

AS OF JUNE 30, 2016

| | | |
|--|----------------|--|
| Retained Earnings | \$ 8,211,441 | |
| Less Net Capital Assets, minus related LT debt | \$ (5,722,489) | |
| Less Restricted Cash-Debt | \$ (60,743) | |
| Net Undesignated Reserves | \$ 2,428,209 | |

Breakdown:

| | |
|----------------------------|-----------------------|
| Cash/Investments | \$ 2,537,859 |
| Current Assets | \$ 1,494,291 |
| Current Liabilities | \$ (1,603,941) |
| Net Working Capital | \$ 2,428,209 |

AS OF CURRENT MONTH END

| | | |
|---|----------------|--|
| Retained Earnings-FYE | \$ 8,211,441 | |
| Less Net Capital Assets, minus related LT debt | \$ (5,459,572) | |
| Less Restricted Cash-Debt | \$ (60,763) | |
| Net Undesignated Reserves | \$ 2,691,105 | |
| Net Income Per Income Statement Revenue > Expenses | \$ 211,690 | |

Breakdown:

| | |
|----------------------------|-----------------------|
| Cash/Investments | \$ 3,189,810 |
| Current Assets | \$ 1,260,884 |
| Current Liabilities | \$ (1,547,899) |
| Net Working Capital | \$ 2,902,795 |

PROJECTED BALANCE AT JUNE 30, 2017 **Based on Adopted Annual Budget**

| | | |
|--|---------------------|--|
| Beginning Retained Earnings-July 1, 2016 | \$ 8,211,441 | |
| Less Projected Net Capital Assets, minus related LT debt | \$ (5,501,016) | |
| Less Restricted Cash-Debt | \$ (60,743) | |
| Net Income Per Income Statement Revenue < Expenses | \$ 815 | |
| | \$ 2,650,497 | |

Net Working Capital **\$ 2,650,497** Projected thru 6/30/17

The "Other Revenue" category includes bond proceeds for water related projects

The Net Working Capital is shown here for June 30, 2016, Current Month Ended, and Projected at June 30, 2017. The amounts represent what is left over after all of the short-term obligations have been met and represents the relatively liquid portion of the Utility's retained earnings or reserves that can be used for future expenditures.

CITY OF SOUTH HAVEN
WATER FUND
CuFt COMPARISONS
ROLLING TWELVE MONTHS

| | | GALLONS PUMPED TO MAINS | CuFt PUMPED TO MAINS | CuFt PLANT TAP UNBILLED | CuFt WATER QUALITY FLUSHING | CuFt BILLED | PERCENTAGE BILLED PLUS PLANT TAP TO PUMPED TO MAINS (ROLLING 12 MOS) | PERCENTAGE BILLED PLUS PLANT TAP TO PUMPED TO MAINS CURRENT MONTH |
|--------------------|------|-------------------------------|----------------------------|-------------------------------|--------------------------------------|-------------------|---|--|
| FISCAL 2014 | | | | | | | | |
| July | 2013 | 70,321,000 | 9,401,203 | 62,968 | 127,844 | 6,705,606 | 88.48% | 72.00% |
| August | 2013 | 62,517,000 | 8,357,888 | 48,003 | 196,427 | 8,322,168 | 88.81% | 100.15% |
| September | 2013 | 52,536,000 | 7,023,529 | 43,984 | 192,916 | 7,118,311 | 89.52% | 101.98% |
| October | 2013 | 35,699,000 | 4,772,594 | 41,176 | 182,891 | 5,303,775 | 90.51% | 111.99% |
| November | 2013 | 28,029,000 | 3,747,193 | 37,834 | 99,473 | 3,426,297 | 90.79% | 92.45% |
| December | 2013 | 28,262,000 | 3,778,342 | 37,166 | 178,083 | 2,904,054 | 90.43% | 77.84% |
| January | 2014 | 36,931,000 | 4,937,299 | 40,642 | 145,998 | 3,089,262 | 89.82% | 63.39% |
| February | 2014 | 36,711,000 | 4,907,888 | 36,230 | 128,741 | 3,454,550 | 89.24% | 71.13% |
| March | 2014 | 36,506,000 | 4,880,481 | 37,567 | 40,914 | 3,251,264 | 89.19% | 67.39% |
| April | 2014 | 29,869,000 | 3,993,182 | 33,957 | 57,952 | 3,321,979 | 89.46% | 84.04% |
| May | 2014 | 40,638,000 | 5,432,888 | 31,283 | 70,598 | 4,278,590 | 89.10% | 78.75% |
| June | 2014 | 53,611,000 | 7,167,246 | 37,032 | 100,575 | 5,543,066 | 85.86% | 77.34% |
| | | <u>511,630,000</u> | <u>68,399,733</u> | <u>487,843</u> | <u>1,522,412</u> | <u>56,718,922</u> | | |
| FISCAL 2015 | | | | | | | | |
| July | 2014 | 64,316,000 | 8,598,396 | 38,503 | 126,739 | 6,932,597 | 89.25% | 81.07% |
| August | 2014 | 66,789,000 | 8,929,011 | 42,246 | 34,492 | 7,841,235 | 88.61% | 88.29% |
| September | 2014 | 44,601,000 | 5,962,701 | 36,096 | 100,277 | 6,663,068 | 89.65% | 112.35% |
| October | 2014 | 33,430,000 | 4,469,251 | 34,492 | 117,932 | 4,619,497 | 90.26% | 104.13% |
| November | 2014 | 29,363,000 | 3,925,535 | 34,091 | 102,686 | 3,359,059 | 90.37% | 86.44% |
| December | 2014 | 28,908,000 | 3,864,706 | 35,294 | 67,388 | 3,125,243 | 90.02% | 81.78% |
| January | 2015 | 31,306,000 | 4,185,294 | 35,561 | 83,432 | 4,170,131 | 90.74% | 100.49% |
| February | 2015 | 28,322,000 | 3,786,364 | 34,091 | 81,219 | 4,470,432 | 91.70% | 118.97% |
| March | 2015 | 31,937,000 | 4,269,652 | 34,091 | 40,910 | 3,087,632 | 91.99% | 73.11% |
| April | 2015 | 29,525,000 | 3,947,193 | 31,551 | 56,153 | 3,393,749 | 92.42% | 86.78% |
| May | 2015 | 39,633,000 | 5,298,529 | 35,963 | 54,549 | 3,758,939 | 91.60% | 70.94% |
| June | 2015 | 47,141,000 | 6,302,273 | 30,749 | 60,965 | 4,655,896 | 90.38% | 73.88% |
| | | <u>475,271,000</u> | <u>63,538,904</u> | <u>422,727</u> | <u>926,742</u> | <u>56,077,478</u> | | |
| FISCAL 2016 | | | | | | | | |
| July | 2015 | 61,946,000 | 8,281,551 | 38,503 | 78,614 | 6,437,314 | 84.12% | 78.20% |
| August | 2015 | 62,360,000 | 8,336,898 | 36,364 | 94,657 | 7,097,043 | 83.07% | 85.56% |
| September | 2015 | 46,519,000 | 6,219,118 | 31,150 | 94,659 | 6,645,302 | 83.99% | 107.35% |
| October | 2015 | 35,558,000 | 4,753,743 | 29,947 | 93,054 | 4,625,971 | 84.62% | 97.94% |
| November | 2015 | 29,110,000 | 3,891,711 | 28,743 | 89,845 | 3,606,818 | 85.68% | 93.42% |
| December | 2015 | 28,456,000 | 3,804,278 | 28,743 | 91,450 | 2,847,372 | 85.91% | 75.60% |
| January | 2016 | 29,466,000 | 3,939,305 | 15,775 | 93,053 | 3,223,960 | 86.57% | 82.24% |
| February | 2016 | 27,269,000 | 3,645,588 | 18,717 | 94,657 | 2,991,478 | 86.56% | 82.57% |
| March | 2016 | 30,166,000 | 4,032,888 | 4,011 | 99,470 | 2,906,571 | 86.43% | 72.17% |
| April | 2016 | 28,664,000 | 3,832,086 | 2,139 | 93,053 | 3,119,071 | 86.78% | 81.45% |
| May | 2016 | 42,083,000 | 5,626,070 | 11,096 | 94,657 | 3,424,837 | 85.70% | 60.87% |
| June | 2016 | 54,533,000 | 7,290,508 | 29,947 | 99,470 | 5,473,039 | 84.50% | 75.07% |
| | | <u>476,130,000</u> | <u>63,653,743</u> | <u>275,134</u> | <u>1,116,639</u> | <u>52,398,776</u> | | |
| FISCAL 2017 | | | | | | | | |
| July | 2016 | 74,955,000 | 10,020,722 | 37,032 | 93,053 | 7,365,793 | 88.49% | 73.88% |
| August | 2016 | 68,778,000 | 9,194,920 | 34,358 | 104,283 | 8,487,481 | 88.22% | 92.68% |
| September | 2016 | 49,396,000 | 6,603,743 | 29,813 | 97,866 | 7,264,074 | 89.48% | 110.45% |
| October | 2016 | 36,344,000 | 4,858,824 | 27,540 | 94,657 | 4,735,697 | 90.09% | 98.03% |
| November | 2016 | 29,595,000 | 3,956,551 | 28,209 | 99,470 | 3,454,039 | 89.68% | 88.01% |
| | | <u>259,068,000</u> | <u>34,634,759</u> | <u>156,952</u> | <u>489,329</u> | <u>31,307,084</u> | | |
| Prior Year-to-date | | 235,493,000 | 31,483,021 | 164,706 | 450,829 | 28,412,448 | | |
| Two Years Prior | | 238,499,000 | 31,884,893 | 185,428 | 482,126 | 29,415,456 | | |

City of South Haven
Sewer Fund - Fund 592
For the period ended November 30, 2016

Col 6 & 11

| Revenues: | Month Actual | Monthly Budget | Prior year MTD | MTD Variance to Budget | MTD Variance to Prior Year | YTD Actual | YTD Budget | Prior YTD Actual | Variance to Budget | Variance to Prior Year | 2016-17 Adopted Budget | % of Annual Budget |
|----------------------------|---------------------|---------------------|-------------------|------------------------|----------------------------|---------------------|---------------------|---------------------|-----------------------|------------------------|------------------------|--------------------|
| Sales | \$ 176,729 | \$ 256,705 | \$ 214,714 | \$ (79,976) | \$ (37,985) | \$ 945,222 | \$ 1,283,525 | \$ 960,292 | \$ (338,303) | \$ (15,070) | \$ 3,080,460 | 31% |
| IPP Revenues | 740 | 6,608 | 8,985 | (5,868) | (8,245) | 32,470 | 33,042 | 31,259 | (572) | 1,211 | 79,300 | 41% |
| Interest Income | 486 | 417 | (66) | 69 | 552 | 2,377 | 2,083 | 4,141 | 294 | (1,764) | 5,000 | 48% |
| Special Assessment Revenue | - | 58,680 | - | (58,680) | - | - | 293,402 | - | (293,402) | - | 704,165 | 0% |
| Other Revenue | 2,459,523 | 857,933 | 1,670 | 1,601,590 | 2,457,853 | 2,479,116 | 4,289,664 | 7,539 | (1,810,548) | 2,471,577 | 10,295,193 | 24% |
| Total Revenues | \$ 2,637,478 | \$ 1,180,343 | \$ 225,303 | \$ 1,457,135 | \$ 2,412,175 | \$ 3,459,185 | \$ 5,901,716 | \$ 1,003,231 | \$ (2,442,531) | \$ 2,455,954 | \$ 14,164,118 | |

| Expenses | Month Actual | Monthly Budget | Prior year MTD | MTD Variance to Budget | MTD Variance to Prior Year | YTD Actual | YTD Budget | Prior YTD Actual | Variance to Budget | Variance to Prior Year | 2016-17 Adopted Budget | % of Annual Budget |
|--------------------------|-------------------|---------------------|-------------------|------------------------|----------------------------|---------------------|---------------------|-------------------|-----------------------|------------------------|------------------------|--------------------|
| Operating Expenses | \$ 130,694 | \$ 148,655 | \$ 89,457 | \$ (17,961) | \$ 41,236 | \$ 599,938 | \$ 743,274 | \$ 561,831 | \$ (143,336) | \$ 38,107 | \$ 1,783,858 | 34% |
| Property Tax Equivalents | 8,712 | 8,733 | 8,733 | (21) | (21) | 43,562 | 43,665 | 43,665 | (103) | (103) | 104,795 | 42% |
| Capital Outlay | 328,250 | 924,826 | 2,891 | (596,576) | 325,359 | 1,226,465 | 4,624,128 | 22,173 | (3,397,662) | 1,204,293 | 11,097,906 | 11% |
| Transfers Out | 16,667 | 16,733 | 16,667 | (66) | - | 83,333 | 83,663 | 83,333 | (329) | - | 200,790 | 42% |
| Depreciation | 33,333 | 33,333 | 20,379 | - | 12,955 | 166,667 | 166,667 | 101,894 | - | 64,773 | 400,000 | 42% |
| Administrative Expenses | 27,349 | 31,048 | 22,528 | (3,699) | 4,821 | 151,458 | 155,241 | 148,925 | (3,783) | 2,534 | 372,579 | 41% |
| Total Expenses | \$ 568,827 | \$ 1,188,327 | \$ 160,655 | \$ (619,501) | \$ 408,172 | \$ 2,295,245 | \$ 5,941,637 | \$ 961,820 | \$ (3,646,392) | \$ 1,333,424 | \$ 14,259,928 | |

Net Fund Change \$ 2,068,652 \$ (7,984) \$ 64,649 \$ 2,076,636 \$ 2,004,003 \$ 1,163,940 \$ (39,921) \$ 41,411 \$ 1,203,861 \$ 1,122,529 \$ (95,810)

AS OF JUNE 30, 2016

| | | | | | | | | | | | | |
|---|----------------|--|--------------|--------------|--|--|--|--|--|--|--|---|
| Retained Earnings | \$ 7,692,521 | | | | | | | | | | | |
| Less Net Capital Assets (Net of related Debt) | \$ (5,828,290) | | | | | | | | | | | |
| Net Undesignated Reserves | | | Thru 6/30/16 | \$ 1,864,231 | | | | | | | | |
| | | | | | | | | | | | | Net Working Capital \$ 1,864,231 Thru 6/30/16 |

Breakdown:

Cash/Investments \$ 1,385,430

Current Assets \$ 1,190,948

Current Liabilities \$ (712,147)

Net Working Capital \$ 1,864,231 Thru 6/30/16

AS OF CURRENT MONTH END

| | | | | | | | | | | | | |
|--|--------------------|--|---------------|--------------|--|--|--|--|--|--|--|--|
| Retained Earnings-FYE | \$ 7,692,521 | | | | | | | | | | | |
| Less Net Capital Assets | \$ (5,694,956) | | | | | | | | | | | |
| Net Undesignated Reserves | \$ 1,997,565 | | | | | | | | | | | |
| Net Income Per Income Statement | Revenue > Expenses | | Thru 11/30/16 | \$ 1,163,940 | | | | | | | | |
| Add back Non-cash Depreciation Expense | | | | \$ 3,161,505 | | | | | | | | |
| | | | | | | | | | | | | Net Working Capital \$ 3,161,505 Thru 11/30/16 |

Breakdown:

Cash/Investments \$ 2,369,174

Current Assets \$ 1,513,797

Current Liabilities \$ (721,465)

Net Working Capital \$ 3,161,505 Thru 11/30/16

PROJECTED BALANCE AT JUNE 30, 2017

Based on Adopted Annual Budget

| | | | | | | | | | | | | |
|--|--------------------|--|------------------------|--------------|--|--|--|--|--|--|--|---|
| Beginning Retained Earnings-July 1, 2015 | \$ 7,692,521 | | | | | | | | | | | |
| Less Projected Net Capital Assets, minus related LT debt | \$ (5,918,276) | | | | | | | | | | | |
| Net Income Per Income Statement | Revenue < Expenses | | Projected thru 6/30/17 | \$ (95,810) | | | | | | | | |
| | | | | \$ 1,678,435 | | | | | | | | |
| | | | | | | | | | | | | Net Working Capital \$ 1,678,435 Projected thru 6/30/17 |

The "Other Revenue" category includes bond proceeds for sewer related projects

The Net Working Capital is shown here for June 30, 2016, Current Month Ended, and projected at June 30, 2017. The amounts represent what is left over after all of the short-term obligations have been met and represents the relatively liquid portion of the Utility's retained earnings or reserves that can be used for future expenditures.



City of South Haven

Agenda Item #7

Water & Sewer rate increases

Background:

In accordance with 2016 SRF 30-year Bond contract the following dates of installment amounts are listed below:

| Due Date | Installment Due |
|------------|-----------------|
| Oct-1-2019 | 290,000 |
| Oct-1-2020 | 295,000 |
| Oct-1-2021 | 305,000 |
| Oct-1-2022 | 315,000 |
| Oct-1-2023 | 325,000 |
| Oct-1-2024 | 330,000 |
| Oct-1-2025 | 340,000 |
| Oct-1-2026 | 350,000 |
| Oct-1-2027 | 360,000 |
| Oct-1-2028 | 370,000 |
| Oct-1-2029 | 380,000 |
| Oct-1-2030 | 390,000 |
| Oct-1-2031 | 400,000 |
| Oct-1-2032 | 415,000 |
| Oct-1-2033 | 425,000 |
| Oct-1-2034 | 435,000 |
| Oct-1-2035 | 450,000 |
| Oct-1-2036 | 460,000 |
| Oct-1-2037 | 475,000 |
| Oct-1-2038 | 490,000 |
| Oct-1-2039 | 500,000 |
| Oct-1-2040 | 515,000 |
| Oct-1-2041 | 530,000 |
| Oct,1-2042 | 545,000 |
| Oct-1-2043 | 560,000 |
| Oct-1-2044 | 575,000 |
| Oct-1-2045 | 590,000 |
| Oct-1-2046 | 610,000 |
| Oct-1-2047 | 625,000 |
| Oct-1-2048 | 640,000 |

Total: \$13,290,000

The following sewer rate increase scenarios provide cash flow for the installment payments for the SRF 2016 Bond. Option A provides for a 3/1/17 rate increase of 10.95%. Option B provides for at 3/1/17 rate increase of 5.00% followed by another 5.95% increase on 1/1/18.

OPTION A:

3/1/17 - Rate Increase of 10.95%
1/1/18 - Rate Increase of 8.95%
1/1/19 - Rate Increase of 8.95%
1/1/20 - Rate Increase of 8.95%
1/1/21 - Rate Increase of 8.95%

OPTION B:

3/1/17 - Rate Increase of 5.00%
7/1/17 - Rate Increase of 5.95%
1/1/18 - Rate Increase of 8.95%
1/1/19 - Rate Increase of 8.95%
1/1/20 - Rate Increase of 8.95%
1/1/21 - Rate Increase of 8.95%

Staff is currently working on another option for the board and will be presented at the meeting.

Recommendation:

That the BPU recommends a rate increase options that provides cash flow for bond installment requirements'.

Support Material:

Option A & B cash flow
Option A & B Water & Sewer Ordinance
Option A & B Utility bill comparison

City of South Haven

Historical and Projected Sewage Disposal System Operating Cash Flow and Debt Service Coverage
Fiscal Years Ended or Ending June 30, 2012 Through 2021

OPTION A

| | <u>2012</u> | (1) | <u>2013</u> | (1) | <u>2014</u> | (1) | <u>2015</u> | (1) | <u>2016</u> | (1) | Estimated <u>2017</u> | (3) | Estimated <u>2018</u> | (4) | Estimated <u>2019</u> | (4) | Estimated <u>2020</u> | (4) | Estimated <u>2021</u> | (4) |
|---|---------------------|-----|---------------------|-----|---------------------|-----|---------------------|-----|---------------------|-----|--------------------------|-----|--------------------------|-----|--------------------------|-----|--------------------------|-----|--------------------------|-----|
| Operating Revenues | | | | | | | | | | | | | | | | | | | | |
| Charges for services | \$ 2,112,556 | | \$ 2,054,742 | | \$ 2,232,257 | | \$ 2,232,347 | | \$ 2,372,929 | | \$ 2,392,833 | | \$ 2,664,468 | | \$ 2,890,781 | | \$ 3,139,377 | | \$ 3,409,226 | |
| Connection and Availability Fees | | | | | | | | | 0 | | 130,000 | | 155,000 | | 155,000 | | 155,000 | | 155,000 | |
| Special assessments | 17,500 | | 27,330 | | 29,228 | | - | | - | | 47,715 | | 37,559 | | 63,519 | | 79,445 | | 76,653 | |
| Other | 65,815 | | 55,343 | | 103,786 | | 69,410 | | 69,284 | | 119,300 | | 119,300 | | 119,300 | | 119,300 | | 119,300 | |
| Total Operating Revenues | <u>\$ 2,195,871</u> | | <u>\$ 2,137,415</u> | | <u>\$ 2,365,271</u> | | <u>\$ 2,301,757</u> | | <u>\$ 2,442,213</u> | | <u>\$ 2,689,848</u> | | <u>\$ 2,976,327</u> | | <u>\$ 3,228,600</u> | | <u>\$ 3,493,122</u> | | <u>\$ 3,760,179</u> | |
| Operating Expenses (5) | | | | | | | | | | | | | | | | | | | | |
| Operating costs and expenses | \$ 1,568,559 | | \$ 1,847,794 | | \$ 1,636,898 | | \$ 1,658,672 | | \$ 1,994,687 | | \$ 2,315,833 | | \$ 2,373,729 | | \$ 2,433,072 | | \$ 2,493,899 | | \$ 2,556,246 | |
| Repair and Replacement Reserve | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 214,841 | | 368,340 | | 368,340 | |
| Depreciation | 272,728 | | 408,433 | | 347,575 | | 344,887 | | 344,550 | | - | | - | | - | | - | | - | |
| Total Operating Expenses | <u>\$ 1,841,287</u> | | <u>\$ 2,256,227</u> | | <u>\$ 1,984,473</u> | | <u>\$ 2,003,559</u> | | <u>\$ 2,339,237</u> | | <u>\$ 2,315,833</u> | | <u>\$ 2,373,729</u> | | <u>\$ 2,647,913</u> | | <u>\$ 2,862,239</u> | | <u>\$ 2,924,586</u> | |
| Operating Income (Loss) | \$ 354,584 | | \$ (118,812) | | \$ 380,798 | | \$ 298,198 | | \$ 102,976 | | \$ 374,015 | | \$ 602,598 | | \$ 580,687 | | \$ 630,883 | | \$ 835,593 | |
| Non-Operating Revenues (Expenses) (5) | | | | | | | | | | | | | | | | | | | | |
| Interest | \$ 23,286 | | \$ 18,275 | | \$ 14,278 | | \$ 9,568 | | \$ 22,685 | | \$ 15,000 | | \$ 15,000 | | \$ 15,000 | | \$ 15,000 | | \$ 15,000 | |
| Miscellaneous | - | | - | | - | | - | | - | | - | | - | | - | | - | | - | |
| Depreciation | 272,728 | | 408,433 | | 347,575 | | 344,887 | | - | | - | | - | | - | | - | | - | |
| Total Non-Operating Revenues (Expenses) | <u>\$ 296,014</u> | | <u>\$ 426,708</u> | | <u>\$ 361,853</u> | | <u>\$ 354,455</u> | | <u>\$ 22,685</u> | | <u>\$ 15,000</u> | | <u>\$ 15,000</u> | | <u>\$ 15,000</u> | | <u>\$ 15,000</u> | | <u>\$ 15,000</u> | |
| Operating Transfers | | | | | | | | | | | | | | | | | | | | |
| Property tax equivalent payments | \$ (87,800) | | \$ (96,904) | | \$ (95,182) | | \$ (97,252) | | \$ (83,736) | | \$ - | | \$ - | | \$ - | | \$ - | | \$ - | |
| Contribution in aid of construction | 88,378 | | 268,849 | | 127,873 | | 366,100 | | 657,769 | | - | | - | | - | | - | | - | |
| Operating transfers in | | | (51,957) | | (46,852) | | (4,000) | | - | | (790) | | (800) | | (800) | | (800) | | (800) | |
| TIFA/LDFA Contribution | | | | | | | | | | | - | | 50,000 | | 75,000 | | 325,000 | | 150,000 | |
| Operating transfers out: | | | | | | | | | | | | | | | | | | | | |
| 2016 GO Bonds (6) (7) | (65,730) | | | | | | | | | | (22,602) | | (56,900) | | (56,900) | | (56,900) | | (56,900) | |
| 2012 GO Bonds (6) | (200,000) | | (200,000) | | (200,000) | | (200,000) | | (200,000) | | (200,000) | | (200,000) | | (200,000) | | (200,000) | | (200,000) | |
| Net Operating Transfers | <u>\$ (265,152)</u> | | <u>\$ (80,012)</u> | | <u>\$ (214,161)</u> | | <u>\$ 64,848</u> | | <u>\$ 374,033</u> | | <u>\$ (223,392)</u> | | <u>\$ (207,700)</u> | | <u>\$ (182,700)</u> | | <u>\$ 67,300</u> | | <u>\$ (107,700)</u> | |
| NET INCOME AVAILABLE FOR DEBT SERVICE | <u>\$ 385,446</u> | | <u>\$ 227,884</u> | | <u>\$ 528,490</u> | | <u>\$ 717,501</u> | | <u>\$ 499,694</u> | | <u>\$ 165,623</u> | | <u>\$ 409,898</u> | | <u>\$ 412,987</u> | | <u>\$ 713,183</u> | | <u>\$ 742,893</u> | |
| Debt Service Requirements | | | | | | | | | | | | | | | | | | | | |
| 2016 SRF Bonds (8) | - | | - | | - | | - | | - | | 190,518 | | 351,725 | | 351,725 | | 627,875 | | 625,106 | |
| Total | <u>\$ -</u> | | <u>\$ -</u> | | <u>\$ -</u> | | <u>\$ -</u> | | <u>\$ -</u> | | <u>\$ 190,518</u> | | <u>\$ 351,725</u> | | <u>\$ 351,725</u> | | <u>\$ 627,875</u> | | <u>\$ 625,106</u> | |
| Debt Service Coverage Ratio | n/a | | n/a | | n/a | | n/a | | n/a | | 0.87x | | 1.17x | | 1.17x | | 1.14x | | 1.19x | |
| Annual Increase in Revenue Necessary to Produce 1.05x Coverage | | | | | | | | | | | \$34,421 | | \$0 | | \$0 | | \$0 | | \$0 | |
| Annual Increase Necessary to Produce 1.05x Coverage | | | | | | | | | | | 1.44% | | 0.00% | | 0.00% | | 0.00% | | 0.00% | |

(1) Actual.
(2) Adopted budget.
(3) Proposed budget. Reflects a 2.5% increase in charges for services effective July 1, 2016 and a 10.95% rate increase effective March 1, 2017.
(4) Operating revenues for the fiscal years ending June 30, 2018 through 2021 are assumed to increase 8.95% on January 1 of each year.
(5) Operating expenditures, excluding depreciation, as projected for the fiscal year ending June 30, 2018 and thereafter are assumed to grow 2.5% annually.
(6) Portion of the 2016 and 2012 GO Bonds paid by the System.
(7) Reflects a 25 year amortization. Interest only for the first four years.
(8) Reflects a 30 year amortization.
Source: City of South Haven

**CITY OF SOUTH HAVEN
ALLEGAN AND VAN BUREN COUNTY, MICHIGAN**

ORDINANCE NO. _____

AN ORDINANCE TO AMEND RATES FOR THE CITY OF SOUTH HAVEN UTILITIES

The City of South Haven Ordains:

Section 1. Amendment. Chapter 86 "Utilities", Article III "**Water Service**", Division 2 "Rates", Section 86-71 "Standby Charge", is hereby amended in its entirety to read as follows:

Sec. 86-71. Standby charge.

The water standby service fee is based on the size of the water meter used or installed, is the minimum charge, is payable in advance, and is additional to the charge for water use. Such charge is to include the cost of debt service, capital replacement funding, capital improvement and the readiness to serve costs. Such charge is made whether or not the water meter is turned off.

Effective July 1, 2016, the service fees shall be as follows:

| | Meter Size (inches) | Plant Replacement | City Capital Improvement | Capital Replacement | Ready to Serve | Total |
|-----|------------------------|----------------------|-----------------------------|------------------------|-------------------|----------|
| (1) | 5/8" or 3/4" meter | \$19.95 | \$4.22 | \$2.01 | \$7.06 | \$33.24 |
| (2) | 1" meter | \$26.62 | \$5.63 | \$2.69 | \$9.41 | \$44.35 |
| (3) | 1 1/4" meter | \$38.07 | \$8.06 | \$3.80 | \$13.46 | \$63.39 |
| (4) | 1 1/2" meter | \$49.57 | \$10.49 | \$4.98 | \$17.51 | \$82.55 |
| (5) | 2" meter | \$70.81 | \$15.00 | \$7.10 | \$25.03 | \$117.94 |
| (6) | 3" meter | \$124.13 | \$26.22 | \$12.44 | \$43.81 | \$206.60 |
| (7) | 4" meter | \$185.94 | \$39.35 | \$18.71 | \$65.71 | \$309.71 |
| (8) | 6" meter | \$292.14 | \$61.81 | \$29.37 | \$103.25 | \$486.57 |
| (9) | 8" meter | \$459.14 | \$97.25 | \$46.10 | \$162.31 | \$764.80 |

Effective July 1, 2017, the service fees shall be as follows:

| | Meter Size (inches) | Plant Replacement | City Capital Improvement | Capital Replacement | Ready to Serve | Total |
|-----|------------------------|----------------------|-----------------------------|------------------------|-------------------|-----------|
| (1) | 5/8" or 3/4" meter | \$ 20.45 | \$ 4.33 | \$ 2.06 | \$ 7.24 | \$ 34.07 |
| (2) | 1" meter | \$ 27.29 | \$ 5.77 | \$ 2.76 | \$ 9.65 | \$ 45.46 |
| (3) | 1 1/4" meter | \$ 39.02 | \$ 8.26 | \$ 3.90 | \$ 13.80 | \$ 64.97 |
| (4) | 1 1/2" meter | \$ 50.81 | \$ 10.75 | \$ 5.10 | \$ 17.95 | \$ 84.61 |
| (5) | 2" meter | \$ 72.58 | \$ 15.38 | \$ 7.28 | \$ 25.66 | \$ 120.89 |
| (6) | 3" meter | \$ 127.23 | \$ 26.88 | \$ 12.75 | \$ 44.91 | \$ 211.77 |
| (7) | 4" meter | \$ 190.59 | \$ 40.33 | \$ 19.18 | \$ 67.35 | \$ 317.45 |
| (8) | 6" meter | \$ 299.44 | \$ 63.36 | \$ 30.10 | \$ 105.83 | \$ 498.73 |
| (9) | 8" meter | \$ 470.62 | \$ 99.68 | \$ 47.25 | \$ 166.37 | \$ 783.92 |

Effective July 1, 2018, the service fees shall be as follows:

| | Meter Size (inches) | Plant Replacement | City Capital Improvement | Capital Replacement | Ready to Serve | Total |
|-----|------------------------|----------------------|-----------------------------|------------------------|-------------------|-----------|
| (1) | 5/8" or 3/4" meter | \$ 20.96 | \$ 4.44 | \$ 2.11 | \$ 7.42 | \$ 34.92 |
| (2) | 1" meter | \$ 27.97 | \$ 5.91 | \$ 2.83 | \$ 9.89 | \$ 46.60 |
| (3) | 1 1/4" meter | \$ 40.00 | \$ 8.47 | \$ 4.00 | \$ 14.15 | \$ 66.59 |
| (4) | 1 1/2" meter | \$ 52.08 | \$ 11.02 | \$ 5.23 | \$ 18.40 | \$ 86.73 |
| (5) | 2" meter | \$ 74.39 | \$ 15.76 | \$ 7.46 | \$ 26.30 | \$ 123.91 |
| (6) | 3" meter | \$ 130.41 | \$ 27.55 | \$ 13.07 | \$ 46.03 | \$ 217.06 |
| (7) | 4" meter | \$ 195.35 | \$ 41.34 | \$ 19.66 | \$ 69.03 | \$ 325.39 |
| (8) | 6" meter | \$ 306.93 | \$ 64.94 | \$ 30.85 | \$ 108.48 | \$ 511.20 |
| (9) | 8" meter | \$ 482.39 | \$ 102.17 | \$ 48.43 | \$ 170.53 | \$ 803.51 |

Effective July 1, 2019, the service fees shall be as follows:

| | Meter Size (inches) | Plant Replacement | City Capital Improvement | Capital Replacement | Ready to Serve | Total |
|-----|------------------------|----------------------|-----------------------------|------------------------|-------------------|-----------|
| (1) | 5/8" or 3/4" meter | \$ 21.48 | \$ 4.55 | \$ 2.16 | \$ 7.61 | \$ 35.79 |
| (2) | 1" meter | \$ 28.67 | \$ 6.06 | \$ 2.90 | \$ 10.14 | \$ 47.77 |
| (3) | 1 1/4" meter | \$ 41.00 | \$ 8.68 | \$ 4.10 | \$ 14.50 | \$ 68.25 |
| (4) | 1 1/2" meter | \$ 53.38 | \$ 11.30 | \$ 5.36 | \$ 18.86 | \$ 88.90 |
| (5) | 2" meter | \$ 76.25 | \$ 16.15 | \$ 7.65 | \$ 26.96 | \$ 127.01 |
| (6) | 3" meter | \$ 133.67 | \$ 28.24 | \$ 13.40 | \$ 47.18 | \$ 222.49 |
| (7) | 4" meter | \$ 200.23 | \$ 42.37 | \$ 20.15 | \$ 70.76 | \$ 333.52 |
| (8) | 6" meter | \$ 314.60 | \$ 66.56 | \$ 31.62 | \$ 111.19 | \$ 523.98 |
| (9) | 8" meter | \$ 494.45 | \$ 104.72 | \$ 49.64 | \$ 174.79 | \$ 823.60 |

Effective July 1, 2020, the service fees shall be as follows:

| | Meter Size (inches) | Plant Replacement | City Capital Improvement | Capital Replacement | Ready to Serve | Total |
|-----|------------------------|----------------------|-----------------------------|------------------------|-------------------|-----------|
| (1) | 5/8" or 3/4" meter | \$ 22.02 | \$ 4.66 | \$ 2.21 | \$ 7.80 | \$ 36.68 |
| (2) | 1" meter | \$ 29.39 | \$ 6.21 | \$ 2.97 | \$ 10.39 | \$ 48.96 |
| (3) | 1 1/4" meter | \$ 42.34 | \$ 8.96 | \$ 4.23 | \$ 14.97 | \$ 70.50 |
| (4) | 1 1/2" meter | \$ 55.15 | \$ 11.67 | \$ 5.54 | \$ 19.48 | \$ 91.84 |
| (5) | 2" meter | \$ 78.77 | \$ 16.69 | \$ 7.90 | \$ 27.84 | \$ 131.20 |
| (6) | 3" meter | \$ 138.10 | \$ 29.17 | \$ 13.84 | \$ 48.74 | \$ 229.85 |
| (7) | 4" meter | \$ 206.86 | \$ 43.79 | \$ 20.82 | \$ 73.11 | \$ 344.58 |
| (8) | 6" meter | \$ 325.00 | \$ 68.76 | \$ 32.67 | \$ 114.86 | \$ 541.29 |
| (9) | 8" meter | \$ 510.78 | \$ 108.19 | \$ 51.29 | \$ 180.57 | \$ 850.83 |

Section 86-72. Water usage rate.

In addition to the standby charge for water, a usage charge is levied which is based solely on the amount of water which is registered on the water meter each billing period.

Effective July 1, 2016, the service fees shall be as follows:

| | | |
|-----|---|---------------------------|
| (1) | 1st 2,500 cubic feet: | \$2.28 per 100 cubic feet |
| (2) | Over 2,500 but not over 25,000 cubic feet | \$2.06 per 100 cubic feet |
| (3) | Over 25,000 cubic feet | \$2.00 per 100 cubic feet |

Effective July 1, 2017, the service fees shall be as follows:

| | | |
|-----|---|---------------------------|
| (1) | 1st 2,500 cubic feet: | \$2.34 per 100 cubic feet |
| (2) | Over 2,500 but not over 25,000 cubic feet | \$2.11 per 100 cubic feet |
| (3) | Over 25,000 cubic feet | \$2.05 per 100 cubic feet |

Effective July 1, 2018, the service fees shall be as follows:

| | | |
|-----|---|---------------------------|
| (1) | 1st 2,500 cubic feet: | \$2.40 per 100 cubic feet |
| (2) | Over 2,500 but not over 25,000 cubic feet | \$2.16 per 100 cubic feet |
| (3) | Over 25,000 cubic feet | \$2.10 per 100 cubic feet |

Effective July 1, 2019, the service fees shall be as follows:

| | | |
|-----|---|---------------------------|
| (1) | 1st 2,500 cubic feet: | \$2.46 per 100 cubic feet |
| (2) | Over 2,500 but not over 25,000 cubic feet | \$2.21 per 100 cubic feet |
| (3) | Over 25,000 cubic feet | \$2.15 per 100 cubic feet |

Effective July 1, 2020, the service fees shall be as follows:

| | | |
|-----|---|---------------------------|
| (1) | 1st 2,500 cubic feet: | \$2.52 per 100 cubic feet |
| (2) | Over 2,500 but not over 25,000 cubic feet | \$2.27 per 100 cubic feet |
| (3) | Over 25,000 cubic feet | \$2.20 per 100 cubic feet |

Section 2. Amendment. Chapter 86 "Utilities", Article IV "**Sewer Service**", Division 5 "Rates", Section 86-171 "Sewer Standby Service Fees", is hereby amended in its entirety to read as follows:

Sec. 86-171. Sewer standby service fees.

The sewer standby service fee is based on the size of the water meter used or installed, is the minimum charge, is payable in advance, and is additional to the charge for sewer use. Such charge is to include the cost of debt service, capital replacement funding, capital improvement and the readiness to serve costs. Such charge is made whether or not the sewer is in use.

Effective July 1, 2016, the service fees shall be as follows:

| | Meter Size (inches) | Debt Service | Capital Replacement | City Capital Improvement | Ready to Serve | Total |
|-----|------------------------|--------------|------------------------|-----------------------------|-------------------|-----------|
| (1) | 5/8" or 3/4" meter | \$ 6.00 | \$ 2.11 | \$ 6.42 | \$ 8.77 | \$ 23.30 |
| (2) | 1" meter | \$ 7.98 | \$ 2.81 | \$ 8.55 | \$ 11.73 | \$ 31.07 |
| (3) | 1 1/4" meter | \$ 11.45 | \$ 4.00 | \$ 15.96 | \$ 16.78 | \$ 48.19 |
| (4) | 1 1/2" meter | \$ 14.90 | \$ 5.21 | \$ 22.80 | \$ 21.88 | \$ 64.79 |
| (5) | 2" meter | \$ 21.29 | \$ 7.45 | \$ 31.26 | \$ 31.20 | \$ 91.20 |
| (6) | 3" meter | \$ 37.26 | \$ 13.06 | \$ 39.91 | \$ 54.60 | \$ 144.83 |
| (7) | 4" meter | \$ 55.90 | \$ 19.59 | \$ 59.88 | \$ 81.94 | \$ 217.31 |
| (8) | 6" meter | \$ 87.83 | \$ 30.76 | \$ 94.08 | \$ 128.75 | \$ 341.42 |

Effective March 1, 2017, the service fees shall be as follows:

| | Meter Size (inches) | Debt Service | Capital Replacement | City Capital Improvement | Ready to Serve | Total |
|-----|------------------------|--------------|------------------------|-----------------------------|-------------------|-----------|
| (1) | 5/8" or 3/4" meter | \$ 6.66 | \$ 2.34 | \$ 7.12 | \$ 9.73 | \$ 25.85 |
| (2) | 1" meter | \$ 8.85 | \$ 3.12 | \$ 9.49 | \$ 13.01 | \$ 34.47 |
| (3) | 1 1/4" meter | \$ 12.70 | \$ 4.44 | \$ 17.71 | \$ 18.62 | \$ 53.47 |
| (4) | 1 1/2" meter | \$ 16.53 | \$ 5.78 | \$ 25.30 | \$ 24.28 | \$ 71.89 |
| (5) | 2" meter | \$ 23.62 | \$ 8.27 | \$ 34.68 | \$ 34.62 | \$ 101.19 |
| (6) | 3" meter | \$ 41.34 | \$ 14.49 | \$ 44.28 | \$ 60.58 | \$ 160.69 |
| (7) | 4" meter | \$ 62.02 | \$ 21.74 | \$ 66.44 | \$ 90.91 | \$ 241.11 |
| (8) | 6" meter | \$ 97.45 | \$ 34.13 | \$ 104.38 | \$ 142.85 | \$ 378.81 |

Effective January 1, 2018, the service fees shall be as follows:

| | Meter Size (inches) | Debt Service | Capital Replacement | City Capital Improvement | Ready to Serve | Total |
|-----|------------------------|--------------|------------------------|-----------------------------|-------------------|-----------|
| (1) | 5/8" or 3/4" meter | \$ 7.26 | \$ 2.54 | \$ 7.75 | \$ 10.60 | \$ 28.15 |
| (2) | 1" meter | \$ 9.64 | \$ 3.39 | \$ 10.34 | \$ 14.17 | \$ 37.54 |
| (3) | 1 1/4" meter | \$ 13.84 | \$ 4.84 | \$ 19.30 | \$ 20.29 | \$ 58.27 |
| (4) | 1 1/2" meter | \$ 18.01 | \$ 6.30 | \$ 27.56 | \$ 26.45 | \$ 78.32 |
| (5) | 2" meter | \$ 25.73 | \$ 9.01 | \$ 37.78 | \$ 37.72 | \$ 110.24 |
| (6) | 3" meter | \$ 45.04 | \$ 15.79 | \$ 48.24 | \$ 66.00 | \$ 175.07 |
| (7) | 4" meter | \$ 67.57 | \$ 23.69 | \$ 72.39 | \$ 99.05 | \$ 262.70 |
| (8) | 6" meter | \$ 106.17 | \$ 37.18 | \$ 113.72 | \$ 155.64 | \$ 412.71 |

Effective January 1, 2019, the service fees shall be as follows:

| | Meter Size (inches) | Debt Service | Capital Replacement | City Capital Improvement | Ready to Serve | Total |
|-----|------------------------|--------------|------------------------|-----------------------------|-------------------|-----------|
| (1) | 5/8" or 3/4" meter | \$ 7.92 | \$ 2.79 | \$ 8.48 | \$ 11.57 | \$ 30.76 |
| (2) | 1" meter | \$ 10.52 | \$ 3.72 | \$ 11.29 | \$ 15.49 | \$ 41.02 |
| (3) | 1 1/4" meter | \$ 15.12 | \$ 5.28 | \$ 21.08 | \$ 22.16 | \$ 63.64 |
| (4) | 1 1/2" meter | \$ 19.68 | \$ 6.87 | \$ 30.10 | \$ 28.89 | \$ 85.54 |
| (5) | 2" meter | \$ 28.11 | \$ 9.84 | \$ 41.27 | \$ 41.20 | \$ 120.42 |
| (6) | 3" meter | \$ 49.20 | \$ 17.25 | \$ 52.70 | \$ 72.10 | \$ 191.25 |
| (7) | 4" meter | \$ 73.82 | \$ 25.86 | \$ 79.07 | \$ 108.21 | \$ 286.96 |
| (8) | 6" meter | \$ 115.99 | \$ 40.62 | \$ 124.24 | \$ 170.02 | \$ 450.87 |

Effective January 1, 2020, the service fees shall be as follows:

| | Meter Size (inches) | Debt Service | Capital Replacement | City Capital Improvement | Ready to Serve | Total |
|-----|------------------------|--------------|------------------------|-----------------------------|-------------------|-----------|
| (1) | 5/8" or 3/4" meter | \$ 8.63 | \$ 3.04 | \$ 9.23 | \$ 12.61 | \$ 33.51 |
| (2) | 1" meter | \$ 11.46 | \$ 4.05 | \$ 12.30 | \$ 16.88 | \$ 44.69 |
| (3) | 1 1/4" meter | \$ 16.47 | \$ 5.75 | \$ 22.97 | \$ 24.14 | \$ 69.33 |
| (4) | 1 1/2" meter | \$ 21.44 | \$ 7.48 | \$ 32.79 | \$ 31.47 | \$ 93.18 |
| (5) | 2" meter | \$ 30.63 | \$ 10.72 | \$ 44.96 | \$ 44.89 | \$ 131.20 |
| (6) | 3" meter | \$ 53.60 | \$ 18.79 | \$ 57.42 | \$ 78.55 | \$ 208.36 |
| (7) | 4" meter | \$ 80.43 | \$ 28.17 | \$ 86.15 | \$ 117.89 | \$ 312.64 |
| (8) | 6" meter | \$ 126.37 | \$ 44.26 | \$ 135.36 | \$ 185.24 | \$ 491.23 |

Section 86-172. Sewer usage rate.

(a) In addition to the standby service charge for sewer, a usage charge is levied which is based solely on the amount of water which is registered on the water meter each billing period.

Effective July 1, 2016, the service fees shall be \$2.81 per 100 cubic feet of water metered.

Effective March 1, 2017, the service fees shall be \$3.13 per 100 cubic feet of water metered.

Effective January 1, 2018, the service fees shall be \$3.41 per 100 cubic feet of water metered.

Effective January 1, 2019, the service fees shall be \$3.72 per 100 cubic feet of water metered.

Effective January 1, 2020, the service fees shall be \$4.05 per 100 cubic feet of water metered.

(b) The sewer usage volume charge for single-family and duplex residential structures for utility bills dated June 1 through September 30 will be based on the average monthly water use billed for the five-month period from the November water meter readings through the April water meter readings with a minimum volume charge of 1,000 cubic feet per month. If a month's metered water use is less than the above referenced sewer usage volume calculation, that month's sewer usage volume charge will be based on the metered water use. For new connections with no history of usage, the minimum billing will apply.

Section 3. Publication and Effective Date. The City Clerk shall cause a notice of adoption of this ordinance to be published. This ordinance shall take effect 10 days after its adoption or upon publication of the notice of adoption, whichever occurs later.

YEAS: _____
NAYS: _____
ABSTAIN: _____
ABSENT: _____

CERTIFICATION

This true and complete copy of Ordinance No. _____ was declared adopted at a Regular Meeting of the South Haven City Council held on _____, 2017.

Robert Burr, Mayor

Travis Sullivan, City Clerk

Introduced: _____, 2017
Adopted: _____, 2017
Published: _____, 2017
Effective: _____, 2017

Residential Utility Bill Comparison
 PROPOSED RATES EFFECTIVE MARCH 1, 2017

OPTION A

| | | | |
|-------------------------------------|-----------|--------|--------|
| Monthly Usage in Cu. Ft. | 1,000 | | |
| Current Water Rate per 100 Cu. Ft. | 2.28 | | |
| Proposed Water Rate per 100 Cu. Ft. | 2.28 | | 1 |
| Current Sewer Rate per 100 Cu. Ft. | 2.81 | | |
| Proposed Sewer Rate per 100 Cu. Ft. | 3.12 | 10.95% | 1.1095 |
| Water Meter Size | 5/8"-3/4" | | |
| Monthly Electric Usage - KWH | 750 | | |
| Current Rate per KWH | 0.110 | | |
| Proposed Rate per KWH | 0.110 | | |

| <u>City Customers</u> | <u>Current</u> | <u>Proposed</u> | <u>Change</u> | <u>Percent Change</u> |
|---------------------------|----------------|-----------------|----------------|-----------------------|
| Water Usage | 22.80 | 22.80 | - | 0.0% |
| Water Capital Replacement | 1.96 | 1.96 | - | 0.0% |
| Water Ready-To-Serve | 6.89 | 6.89 | - | 0.0% |
| Water Capital Improvement | 4.12 | 4.12 | - | 0.0% |
| Water Plant Debt Service | 19.46 | 19.46 | - | 0.0% |
| Sewer Usage | 28.10 | 31.18 | 3.08 | 10.95% |
| Sewer Capital Replacement | 2.06 | 2.29 | 0.23 | 10.95% |
| Sewer Ready-To-Serve | 8.56 | 9.50 | 0.94 | 10.95% |
| Sewer Debt Service | 5.85 | 6.49 | 0.64 | 10.95% |
| Sewer Capital Improvement | 6.26 | 6.95 | 0.69 | 10.95% |
| Electric Usage | 82.50 | 82.50 | - | 0.0% |
| Basic Electric Charge | 6.00 | 6.00 | - | 0.0% |
| Total Utility Bill | 194.56 | 200.13 | \$ 5.57 | 2.86% |
| Total Water Bill | 55.23 | 55.23 | - | 0.0% |
| Total Sewer Bill | 50.83 | 56.40 | 5.57 | 10.95% |
| Total Electric Bill | 88.50 | 88.50 | - | 0.0% |

Residential Utility Bill Comparison
PROPOSED RATES EFFECTIVE MARCH 1, 2017

OPTION A

| | | | |
|-------------------------------------|-----------|--------|--------|
| Monthly Usage in Cu. Ft. | 1,000 | | |
| Current Water Rate per 100 Cu. Ft. | 2.28 | | |
| Proposed Water Rate per 100 Cu. Ft. | 2.28 | | 1 |
| Current Sewer Rate per 100 Cu. Ft. | 2.81 | | |
| Proposed Sewer Rate per 100 Cu. Ft. | 3.12 | 10.95% | 1.1095 |
| Water Meter Size | 5/8"-3/4" | | |
| Monthly Electric Usage - KWH | 750 | | |
| Current Rate per KWH | 0.110 | | |
| Proposed Rate per KWH | 0.110 | | |

| <u>South Haven Township</u> | Current | Proposed | Change | Percent Change |
|--|---------------|---------------|----------------|-------------------|
| Water Usage | 22.80 | 22.80 | - | 0.0% |
| Water Capital Replacement | 1.96 | 1.96 | - | 0.0% |
| Water Ready-To-Serve | 6.89 | 6.89 | - | 0.0% |
| Water Plant Debt Service | 19.46 | 19.46 | - | 0.0% |
| Water Authority Debt Service no change | 13.00 | 13.00 | - | 0.0% |
| Sewer Usage | 28.10 | 31.18 | 3.08 | 10.95% |
| Sewer Capital Replacement | 2.06 | 2.29 | 0.23 | 10.95% |
| Sewer Ready-To-Serve | 8.56 | 9.50 | 0.94 | 10.95% |
| Sewer Authority Debt Service no change | 18.00 | 18.00 | - | 0.0% |
| Electric Usage | 82.50 | 82.50 | - | 0.0% |
| Basic Electric Charge | 6.00 | 6.00 | - | 0.0% |
| Total Utility Bill | 209.33 | 213.57 | \$ 4.24 | 2.03% |
| Total Water Bill | 64.11 | 64.11 | - | 0.0% |
| Total Sewer Bill | 56.72 | 60.96 | 4.24 | 7.5% |
| Total Electric Bill | 88.50 | 88.50 | - | 0.0% |

| <u>Casco Township</u> | Current | Proposed | Change | Percent Change |
|--|---------------|---------------|----------------|-------------------|
| Water Usage | 22.80 | 22.80 | - | 0.0% |
| Water Capital Replacement | 1.96 | 1.96 | - | 0.0% |
| Water Ready-To-Serve | 6.89 | 6.89 | - | 0.0% |
| Water Plant Debt Service | 19.46 | 19.46 | - | 0.0% |
| Water Authority Debt Service no change | 24.00 | 24.00 | - | 0.0% |
| Sewer Usage | 28.10 | 31.18 | 3.08 | 10.95% |
| Sewer Capital Replacement | 2.06 | 2.29 | 0.23 | 10.95% |
| Sewer Ready-To-Serve | 8.56 | 9.50 | 0.94 | 10.95% |
| Sewer Authority Debt Service no change | 36.00 | 36.00 | - | 0.0% |
| Total Utility Bill | 149.83 | 154.07 | \$ 4.24 | 2.83% |
| Total Water Bill | 75.11 | 75.11 | - | 0.0% |
| Total Sewer Bill | 74.72 | 78.96 | 4.24 | 5.7% |

Residential Utility Bill Comparison
PROPOSED RATES EFFECTIVE MARCH 1, 2017

OPTION A

| | | | |
|-------------------------------------|-----------|--------|--------|
| Monthly Usage in Cu. Ft. | 1,000 | | |
| Current Water Rate per 100 Cu. Ft. | 2.28 | | |
| Proposed Water Rate per 100 Cu. Ft. | 2.28 | | 1 |
| Current Sewer Rate per 100 Cu. Ft. | 2.81 | | |
| Proposed Sewer Rate per 100 Cu. Ft. | 3.12 | 10.95% | 1.1095 |
| Water Meter Size | 5/8"-3/4" | | |
| Monthly Electric Usage - KWH | 750 | | |
| Current Rate per KWH | 0.110 | | |
| Proposed Rate per KWH | 0.110 | | |

| <u>Covert Township</u> | Current | Proposed | Change | Percent Change |
|----------------------------------|--------------|--------------|-------------|-------------------|
| Water Usage | 22.80 | 22.80 | - | 0.0% |
| Water Capital Replacement | 1.96 | 1.96 | - | 0.0% |
| Water Ready-To-Serve | 6.89 | 6.89 | - | 0.0% |
| Water Plant Debt Service | 19.46 | 19.46 | - | 0.0% |
| Total Covert Utility Bill | 51.11 | 51.11 | \$ - | 0.0% |

| <u>Geneva Township</u> | Current | Proposed | Change | Percent Change |
|---------------------------|--------------|--------------|-------------|-------------------|
| Electric Usage | 82.50 | 82.50 | - | 0.0% |
| Basic Electric Charge | 6.00 | 6.00 | - | 0.0% |
| Total Utility Bill | 88.50 | 88.50 | \$ - | 0.0% |

City of South Haven

Historical and Projected Sewage Disposal System Operating Cash Flow and Debt Service Coverage
Fiscal Years Ended or Ending June 30, 2012 Through 2021

OPTION B

| | <u>2012</u> (1) | <u>2013</u> (1) | <u>2014</u> (1) | <u>2015</u> (1) | <u>2016</u> (1) | <u>Estimated 2017</u> (3) | <u>Estimated 2018</u> (4) | <u>Estimated 2019</u> (5) | <u>Estimated 2020</u> (5) | <u>Estimated 2021</u> (5) |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Operating Revenues | | | | | | | | | | |
| Charges for services | \$ 2,112,556 | \$ 2,054,742 | \$ 2,232,257 | \$ 2,232,347 | \$ 2,372,929 | \$ 2,348,125 | \$ 2,662,467 | \$ 2,886,690 | \$ 3,135,014 | \$ 3,404,484 |
| Connection and Availability Fees | | | | | 0 | 130,000 | 155,000 | 155,000 | 155,000 | 155,000 |
| Special assessments | 17,500 | 27,330 | 29,228 | - | - | 47,715 | 37,559 | 63,519 | 79,445 | 76,653 |
| Other | 65,815 | 55,343 | 103,786 | 69,410 | 69,284 | 119,300 | 119,300 | 119,300 | 119,300 | 119,300 |
| Total Operating Revenues | <u>\$ 2,195,871</u> | <u>\$ 2,137,415</u> | <u>\$ 2,365,271</u> | <u>\$ 2,301,757</u> | <u>\$ 2,442,213</u> | <u>\$ 2,645,140</u> | <u>\$ 2,974,326</u> | <u>\$ 3,224,509</u> | <u>\$ 3,488,759</u> | <u>\$ 3,755,437</u> |
| Operating Expenses (6) | | | | | | | | | | |
| Operating costs and expenses | \$ 1,568,559 | \$ 1,847,794 | \$ 1,636,898 | \$ 1,658,672 | \$ 1,994,687 | \$ 2,315,833 | \$ 2,373,729 | \$ 2,433,072 | \$ 2,493,899 | \$ 2,556,246 |
| Repair and Replacement Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 214,841 | 368,340 | 368,340 |
| Depreciation | 272,728 | 408,433 | 347,575 | 344,887 | 344,550 | - | - | - | - | - |
| Total Operating Expenses | <u>\$ 1,841,287</u> | <u>\$ 2,256,227</u> | <u>\$ 1,984,473</u> | <u>\$ 2,003,559</u> | <u>\$ 2,339,237</u> | <u>\$ 2,315,833</u> | <u>\$ 2,373,729</u> | <u>\$ 2,647,913</u> | <u>\$ 2,862,239</u> | <u>\$ 2,924,586</u> |
| Operating Income (Loss) | \$ 354,584 | \$ (118,812) | \$ 380,798 | \$ 298,198 | \$ 102,976 | \$ 329,307 | \$ 600,597 | \$ 576,596 | \$ 626,520 | \$ 830,851 |
| Non-Operating Revenues (Expenses) (6) | | | | | | | | | | |
| Interest | \$ 23,286 | \$ 18,275 | \$ 14,278 | \$ 9,568 | \$ 22,685 | \$ 15,000 | \$ 15,000 | \$ 15,000 | \$ 15,000 | \$ 15,000 |
| Miscellaneous | - | - | - | - | - | - | - | - | - | - |
| Depreciation | 272,728 | 408,433 | 347,575 | 344,887 | - | - | - | - | - | - |
| Total Non-Operating Revenues (Expenses) | <u>\$ 296,014</u> | <u>\$ 426,708</u> | <u>\$ 361,853</u> | <u>\$ 354,455</u> | <u>\$ 22,685</u> | <u>\$ 15,000</u> | <u>\$ 15,000</u> | <u>\$ 15,000</u> | <u>\$ 15,000</u> | <u>\$ 15,000</u> |
| Operating Transfers | | | | | | | | | | |
| Property tax equivalent payments | \$ (87,800) | \$ (96,904) | \$ (95,182) | \$ (97,252) | \$ (83,736) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contribution in aid of construction | 88,378 | 268,849 | 127,873 | 366,100 | 657,769 | - | - | - | - | - |
| Operating transfers in | | (51,957) | (46,852) | (4,000) | - | (790) | (800) | (800) | (800) | (800) |
| TIFA/LDFA Contribution | | | | | | - | 50,000 | 75,000 | 325,000 | 150,000 |
| Operating transfers out: | | | | | | | | | | |
| 2016 GO Bonds (7) (8) | (65,730) | | | | | (22,602) | (56,900) | (56,900) | (56,900) | (56,900) |
| 2012 GO Bonds (7) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) |
| Net Operating Transfers | <u>\$ (265,152)</u> | <u>\$ (80,012)</u> | <u>\$ (214,161)</u> | <u>\$ 64,848</u> | <u>\$ 374,033</u> | <u>\$ (223,392)</u> | <u>\$ (207,700)</u> | <u>\$ (182,700)</u> | <u>\$ 67,300</u> | <u>\$ (107,700)</u> |
| NET INCOME AVAILABLE FOR DEBT SERVICE | <u>\$ 385,446</u> | <u>\$ 227,884</u> | <u>\$ 528,490</u> | <u>\$ 717,501</u> | <u>\$ 499,694</u> | <u>\$ 120,915</u> | <u>\$ 407,897</u> | <u>\$ 408,896</u> | <u>\$ 708,820</u> | <u>\$ 738,151</u> |
| Debt Service Requirements | | | | | | | | | | |
| 2016 SRF Bonds (9) | - | - | - | - | - | 190,518 | 351,725 | 351,725 | 627,875 | 625,106 |
| Total | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 190,518</u> | <u>\$ 351,725</u> | <u>\$ 351,725</u> | <u>\$ 627,875</u> | <u>\$ 625,106</u> |
| Debt Service Coverage Ratio | n/a | n/a | n/a | n/a | n/a | 0.63x | 1.16x | 1.16x | 1.13x | 1.18x |
| Annual Increase in Revenue Necessary to Produce 1.05x Coverage | | | | | | \$79,129 | \$0 | \$0 | \$0 | \$0 |
| Annual Increase Necessary to Produce 1.05x Coverage | | | | | | 3.37% | 0.00% | 0.00% | 0.00% | 0.00% |

(1) Actual.
(2) Adopted budget.
(3) Proposed budget. Reflects a 2.5% increase in charges for services effective July 1, 2016 and a 5.00% rate increase effective March 1, 2017.
(4) Proposed budget. Reflects a 5.95% increase in charges for services effective July 1, 2017 and a 8.95% rate increase effective January 1, 2018.
(5) Operating revenues for the fiscal years ending June 30, 2019 through 2021 are assumed to increase 8.95% on January 1 of each year.
(6) Operating expenditures, excluding depreciation, as projected for the fiscal year ending June 30, 2018 and thereafter are assumed to grow 2.5% annually.
(7) Portion of the 2016 and 2012 GO Bonds paid by the System.
(8) Reflects a 25 year amortization. Interest only for the first four years.
(9) Reflects a 30 year amortization.
Source: City of South Haven

**CITY OF SOUTH HAVEN
ALLEGAN AND VAN BUREN COUNTY, MICHIGAN**

ORDINANCE NO. _____

AN ORDINANCE TO AMEND RATES FOR THE CITY OF SOUTH HAVEN UTILITIES

The City of South Haven Ordains:

Section 1. Amendment. Chapter 86 "Utilities", Article III "**Water Service**", Division 2 "Rates", Section 86-71 "Standby Charge", is hereby amended in its entirety to read as follows:

Sec. 86-71. Standby charge.

The water standby service fee is based on the size of the water meter used or installed, is the minimum charge, is payable in advance, and is additional to the charge for water use. Such charge is to include the cost of debt service, capital replacement funding, capital improvement and the readiness to serve costs. Such charge is made whether or not the water meter is turned off.

Effective July 1, 2016, the service fees shall be as follows:

| | Meter Size (inches) | Plant Replacement | City Capital Improvement | Capital Replacement | Ready to Serve | Total |
|-----|------------------------|----------------------|-----------------------------|------------------------|-------------------|----------|
| (1) | 5/8" or 3/4" meter | \$19.95 | \$4.22 | \$2.01 | \$7.06 | \$33.24 |
| (2) | 1" meter | \$26.62 | \$5.63 | \$2.69 | \$9.41 | \$44.35 |
| (3) | 1 1/4" meter | \$38.07 | \$8.06 | \$3.80 | \$13.46 | \$63.39 |
| (4) | 1 1/2" meter | \$49.57 | \$10.49 | \$4.98 | \$17.51 | \$82.55 |
| (5) | 2" meter | \$70.81 | \$15.00 | \$7.10 | \$25.03 | \$117.94 |
| (6) | 3" meter | \$124.13 | \$26.22 | \$12.44 | \$43.81 | \$206.60 |
| (7) | 4" meter | \$185.94 | \$39.35 | \$18.71 | \$65.71 | \$309.71 |
| (8) | 6" meter | \$292.14 | \$61.81 | \$29.37 | \$103.25 | \$486.57 |
| (9) | 8" meter | \$459.14 | \$97.25 | \$46.10 | \$162.31 | \$764.80 |

Effective July 1, 2017, the service fees shall be as follows:

| | Meter Size (inches) | Plant Replacement | City Capital Improvement | Capital Replacement | Ready to Serve | Total |
|-----|------------------------|----------------------|-----------------------------|------------------------|-------------------|-----------|
| (1) | 5/8" or 3/4" meter | \$ 20.45 | \$ 4.33 | \$ 2.06 | \$ 7.24 | \$ 34.07 |
| (2) | 1" meter | \$ 27.29 | \$ 5.77 | \$ 2.76 | \$ 9.65 | \$ 45.46 |
| (3) | 1 1/4" meter | \$ 39.02 | \$ 8.26 | \$ 3.90 | \$ 13.80 | \$ 64.97 |
| (4) | 1 1/2" meter | \$ 50.81 | \$ 10.75 | \$ 5.10 | \$ 17.95 | \$ 84.61 |
| (5) | 2" meter | \$ 72.58 | \$ 15.38 | \$ 7.28 | \$ 25.66 | \$ 120.89 |
| (6) | 3" meter | \$ 127.23 | \$ 26.88 | \$ 12.75 | \$ 44.91 | \$ 211.77 |
| (7) | 4" meter | \$ 190.59 | \$ 40.33 | \$ 19.18 | \$ 67.35 | \$ 317.45 |
| (8) | 6" meter | \$ 299.44 | \$ 63.36 | \$ 30.10 | \$ 105.83 | \$ 498.73 |
| (9) | 8" meter | \$ 470.62 | \$ 99.68 | \$ 47.25 | \$ 166.37 | \$ 783.92 |

Effective July 1, 2018, the service fees shall be as follows:

| | Meter Size (inches) | Plant Replacement | City Capital Improvement | Capital Replacement | Ready to Serve | Total |
|-----|------------------------|----------------------|-----------------------------|------------------------|-------------------|-----------|
| (1) | 5/8" or 3/4" meter | \$ 20.96 | \$ 4.44 | \$ 2.11 | \$ 7.42 | \$ 34.92 |
| (2) | 1" meter | \$ 27.97 | \$ 5.91 | \$ 2.83 | \$ 9.89 | \$ 46.60 |
| (3) | 1 1/4" meter | \$ 40.00 | \$ 8.47 | \$ 4.00 | \$ 14.15 | \$ 66.59 |
| (4) | 1 1/2" meter | \$ 52.08 | \$ 11.02 | \$ 5.23 | \$ 18.40 | \$ 86.73 |
| (5) | 2" meter | \$ 74.39 | \$ 15.76 | \$ 7.46 | \$ 26.30 | \$ 123.91 |
| (6) | 3" meter | \$ 130.41 | \$ 27.55 | \$ 13.07 | \$ 46.03 | \$ 217.06 |
| (7) | 4" meter | \$ 195.35 | \$ 41.34 | \$ 19.66 | \$ 69.03 | \$ 325.39 |
| (8) | 6" meter | \$ 306.93 | \$ 64.94 | \$ 30.85 | \$ 108.48 | \$ 511.20 |
| (9) | 8" meter | \$ 482.39 | \$ 102.17 | \$ 48.43 | \$ 170.53 | \$ 803.51 |

Effective July 1, 2019, the service fees shall be as follows:

| | Meter Size (inches) | Plant Replacement | City Capital Improvement | Capital Replacement | Ready to Serve | Total |
|-----|------------------------|----------------------|-----------------------------|------------------------|-------------------|-----------|
| (1) | 5/8" or 3/4" meter | \$ 21.48 | \$ 4.55 | \$ 2.16 | \$ 7.61 | \$ 35.79 |
| (2) | 1" meter | \$ 28.67 | \$ 6.06 | \$ 2.90 | \$ 10.14 | \$ 47.77 |
| (3) | 1 1/4" meter | \$ 41.00 | \$ 8.68 | \$ 4.10 | \$ 14.50 | \$ 68.25 |
| (4) | 1 1/2" meter | \$ 53.38 | \$ 11.30 | \$ 5.36 | \$ 18.86 | \$ 88.90 |
| (5) | 2" meter | \$ 76.25 | \$ 16.15 | \$ 7.65 | \$ 26.96 | \$ 127.01 |
| (6) | 3" meter | \$ 133.67 | \$ 28.24 | \$ 13.40 | \$ 47.18 | \$ 222.49 |
| (7) | 4" meter | \$ 200.23 | \$ 42.37 | \$ 20.15 | \$ 70.76 | \$ 333.52 |
| (8) | 6" meter | \$ 314.60 | \$ 66.56 | \$ 31.62 | \$ 111.19 | \$ 523.98 |
| (9) | 8" meter | \$ 494.45 | \$ 104.72 | \$ 49.64 | \$ 174.79 | \$ 823.60 |

Effective July 1, 2020, the service fees shall be as follows:

| | Meter Size (inches) | Plant Replacement | City Capital Improvement | Capital Replacement | Ready to Serve | Total |
|-----|------------------------|----------------------|-----------------------------|------------------------|-------------------|-----------|
| (1) | 5/8" or 3/4" meter | \$ 22.02 | \$ 4.66 | \$ 2.21 | \$ 7.80 | \$ 36.68 |
| (2) | 1" meter | \$ 29.39 | \$ 6.21 | \$ 2.97 | \$ 10.39 | \$ 48.96 |
| (3) | 1 1/4" meter | \$ 42.34 | \$ 8.96 | \$ 4.23 | \$ 14.97 | \$ 70.50 |
| (4) | 1 1/2" meter | \$ 55.15 | \$ 11.67 | \$ 5.54 | \$ 19.48 | \$ 91.84 |
| (5) | 2" meter | \$ 78.77 | \$ 16.69 | \$ 7.90 | \$ 27.84 | \$ 131.20 |
| (6) | 3" meter | \$ 138.10 | \$ 29.17 | \$ 13.84 | \$ 48.74 | \$ 229.85 |
| (7) | 4" meter | \$ 206.86 | \$ 43.79 | \$ 20.82 | \$ 73.11 | \$ 344.58 |
| (8) | 6" meter | \$ 325.00 | \$ 68.76 | \$ 32.67 | \$ 114.86 | \$ 541.29 |
| (9) | 8" meter | \$ 510.78 | \$ 108.19 | \$ 51.29 | \$ 180.57 | \$ 850.83 |

Section 86-72. Water usage rate.

In addition to the standby charge for water, a usage charge is levied which is based solely on the amount of water which is registered on the water meter each billing period.

Effective July 1, 2016, the service fees shall be as follows:

| | | |
|-----|---|---------------------------|
| (1) | 1st 2,500 cubic feet: | \$2.28 per 100 cubic feet |
| (2) | Over 2,500 but not over 25,000 cubic feet | \$2.06 per 100 cubic feet |
| (3) | Over 25,000 cubic feet | \$2.00 per 100 cubic feet |

Effective July 1, 2017, the service fees shall be as follows:

| | | |
|-----|---|---------------------------|
| (1) | 1st 2,500 cubic feet: | \$2.34 per 100 cubic feet |
| (2) | Over 2,500 but not over 25,000 cubic feet | \$2.11 per 100 cubic feet |
| (3) | Over 25,000 cubic feet | \$2.05 per 100 cubic feet |

Effective July 1, 2018, the service fees shall be as follows:

| | | |
|-----|---|---------------------------|
| (1) | 1st 2,500 cubic feet: | \$2.40 per 100 cubic feet |
| (2) | Over 2,500 but not over 25,000 cubic feet | \$2.16 per 100 cubic feet |
| (3) | Over 25,000 cubic feet | \$2.10 per 100 cubic feet |

Effective July 1, 2019, the service fees shall be as follows:

| | | |
|-----|---|---------------------------|
| (1) | 1st 2,500 cubic feet: | \$2.46 per 100 cubic feet |
| (2) | Over 2,500 but not over 25,000 cubic feet | \$2.21 per 100 cubic feet |
| (3) | Over 25,000 cubic feet | \$2.15 per 100 cubic feet |

Effective July 1, 2020, the service fees shall be as follows:

| | | |
|-----|---|---------------------------|
| (1) | 1st 2,500 cubic feet: | \$2.52 per 100 cubic feet |
| (2) | Over 2,500 but not over 25,000 cubic feet | \$2.27 per 100 cubic feet |
| (3) | Over 25,000 cubic feet | \$2.20 per 100 cubic feet |

Section 2. Amendment. Chapter 86 "Utilities", Article IV "**Sewer Service**", Division 5 "Rates", Section 86-171 "Sewer Standby Service Fees", is hereby amended in its entirety to read as follows:

Sec. 86-171. Sewer standby service fees.

The sewer standby service fee is based on the size of the water meter used or installed, is the minimum charge, is payable in advance, and is additional to the charge for sewer use. Such charge is to include the cost of debt service, capital replacement funding, capital improvement and the readiness to serve costs. Such charge is made whether or not the sewer is in use.

Effective July 1, 2016, the service fees shall be as follows:

| | Meter Size (inches) | Debt Service | Capital Replacement | City Capital Improvement | Ready to Serve | Total |
|-----|------------------------|--------------|------------------------|-----------------------------|-------------------|-----------|
| (1) | 5/8" or 3/4" meter | \$ 6.00 | \$ 2.11 | \$ 6.42 | \$ 8.77 | \$ 23.30 |
| (2) | 1" meter | \$ 7.98 | \$ 2.81 | \$ 8.55 | \$ 11.73 | \$ 31.07 |
| (3) | 1 1/4" meter | \$ 11.45 | \$ 4.00 | \$ 15.96 | \$ 16.78 | \$ 48.19 |
| (4) | 1 1/2" meter | \$ 14.90 | \$ 5.21 | \$ 22.80 | \$ 21.88 | \$ 64.79 |
| (5) | 2" meter | \$ 21.29 | \$ 7.45 | \$ 31.26 | \$ 31.20 | \$ 91.20 |
| (6) | 3" meter | \$ 37.26 | \$ 13.06 | \$ 39.91 | \$ 54.60 | \$ 144.83 |
| (7) | 4" meter | \$ 55.90 | \$ 19.59 | \$ 59.88 | \$ 81.94 | \$ 217.31 |
| (8) | 6" meter | \$ 87.83 | \$ 30.76 | \$ 94.08 | \$ 128.75 | \$ 341.42 |

Effective March 1, 2017, the service fees shall be as follows:

| | Meter Size (inches) | Debt Service | Capital Replacement | City Capital Improvement | Ready to Serve | Total |
|-----|------------------------|--------------|------------------------|-----------------------------|-------------------|-----------|
| (1) | 5/8" or 3/4" meter | \$ 6.30 | \$ 2.22 | \$ 6.74 | \$ 9.20 | \$ 24.46 |
| (2) | 1" meter | \$ 8.38 | \$ 2.95 | \$ 8.98 | \$ 12.32 | \$ 32.63 |
| (3) | 1 1/4" meter | \$ 12.02 | \$ 4.20 | \$ 16.76 | \$ 17.62 | \$ 50.60 |
| (4) | 1 1/2" meter | \$ 15.65 | \$ 5.47 | \$ 23.94 | \$ 22.97 | \$ 68.03 |
| (5) | 2" meter | \$ 22.35 | \$ 7.82 | \$ 32.82 | \$ 32.76 | \$ 95.75 |
| (6) | 3" meter | \$ 39.12 | \$ 13.71 | \$ 41.91 | \$ 57.33 | \$ 152.07 |
| (7) | 4" meter | \$ 58.70 | \$ 20.57 | \$ 62.87 | \$ 86.04 | \$ 228.18 |
| (8) | 6" meter | \$ 92.22 | \$ 32.30 | \$ 98.78 | \$ 135.19 | \$ 358.49 |

Effective July 1, 2017, the service fees shall be as follows:

| | Meter Size (inches) | Debt Service | Capital Replacement | City Capital Improvement | Ready to Serve | Total |
|-----|------------------------|--------------|------------------------|-----------------------------|-------------------|-----------|
| (1) | 5/8" or 3/4" meter | \$ 6.67 | \$ 2.35 | \$ 7.14 | \$ 9.75 | \$ 25.91 |
| (2) | 1" meter | \$ 8.87 | \$ 3.13 | \$ 9.51 | \$ 13.05 | \$ 34.56 |
| (3) | 1 1/4" meter | \$ 12.74 | \$ 4.45 | \$ 17.76 | \$ 18.67 | \$ 53.62 |
| (4) | 1 1/2" meter | \$ 16.58 | \$ 5.80 | \$ 25.36 | \$ 24.34 | \$ 72.08 |
| (5) | 2" meter | \$ 23.68 | \$ 8.29 | \$ 34.77 | \$ 34.71 | \$ 101.45 |
| (6) | 3" meter | \$ 41.45 | \$ 14.53 | \$ 44.40 | \$ 60.74 | \$ 161.12 |
| (7) | 4" meter | \$ 62.19 | \$ 21.79 | \$ 66.61 | \$ 91.16 | \$ 241.75 |
| (8) | 6" meter | \$ 97.71 | \$ 34.22 | \$ 104.66 | \$ 143.23 | \$ 379.82 |

Effective January 1, 2018, the service fees shall be as follows:

| | Meter Size (inches) | Debt Service | Capital Replacement | City Capital Improvement | Ready to Serve | Total |
|-----|------------------------|--------------|------------------------|-----------------------------|-------------------|-----------|
| (1) | 5/8" or 3/4" meter | \$ 7.27 | \$ 2.56 | \$ 7.78 | \$ 10.62 | \$ 28.23 |
| (2) | 1" meter | \$ 9.66 | \$ 3.41 | \$ 10.36 | \$ 14.22 | \$ 37.65 |
| (3) | 1 1/4" meter | \$ 13.88 | \$ 4.85 | \$ 19.35 | \$ 20.34 | \$ 58.42 |
| (4) | 1 1/2" meter | \$ 18.06 | \$ 6.31 | \$ 27.63 | \$ 26.52 | \$ 78.52 |
| (5) | 2" meter | \$ 25.80 | \$ 9.03 | \$ 37.88 | \$ 37.82 | \$ 110.53 |
| (6) | 3" meter | \$ 45.16 | \$ 15.83 | \$ 48.37 | \$ 66.18 | \$ 175.54 |
| (7) | 4" meter | \$ 67.76 | \$ 23.74 | \$ 72.57 | \$ 99.32 | \$ 263.39 |
| (8) | 6" meter | \$ 106.46 | \$ 37.28 | \$ 114.03 | \$ 156.05 | \$ 413.82 |

Effective January 1, 2019, the service fees shall be as follows:

| | Meter Size (inches) | Debt Service | Capital Replacement | City Capital Improvement | Ready to Serve | Total |
|-----|------------------------|--------------|------------------------|-----------------------------|-------------------|-----------|
| (1) | 5/8" or 3/4" meter | \$ 7.92 | \$ 2.79 | \$ 8.48 | \$ 11.57 | \$ 30.76 |
| (2) | 1" meter | \$ 10.52 | \$ 3.72 | \$ 11.29 | \$ 15.49 | \$ 41.02 |
| (3) | 1 1/4" meter | \$ 15.12 | \$ 5.28 | \$ 21.08 | \$ 22.16 | \$ 63.64 |
| (4) | 1 1/2" meter | \$ 19.68 | \$ 6.87 | \$ 30.10 | \$ 28.89 | \$ 85.54 |
| (5) | 2" meter | \$ 28.11 | \$ 9.84 | \$ 41.27 | \$ 41.20 | \$ 120.42 |
| (6) | 3" meter | \$ 49.20 | \$ 17.25 | \$ 52.70 | \$ 72.10 | \$ 191.25 |
| (7) | 4" meter | \$ 73.82 | \$ 25.86 | \$ 79.07 | \$ 108.21 | \$ 286.96 |
| (8) | 6" meter | \$ 115.99 | \$ 40.62 | \$ 124.24 | \$ 170.02 | \$ 450.87 |

Effective January 1, 2020, the service fees shall be as follows:

| | Meter Size (inches) | Debt Service | Capital Replacement | City Capital Improvement | Ready to Serve | Total |
|-----|------------------------|--------------|------------------------|-----------------------------|-------------------|-----------|
| (1) | 5/8" or 3/4" meter | \$ 8.63 | \$ 3.04 | \$ 9.23 | \$ 12.61 | \$ 33.51 |
| (2) | 1" meter | \$ 11.46 | \$ 4.05 | \$ 12.30 | \$ 16.88 | \$ 44.69 |
| (3) | 1 1/4" meter | \$ 16.47 | \$ 5.75 | \$ 22.97 | \$ 24.14 | \$ 69.33 |
| (4) | 1 1/2" meter | \$ 21.44 | \$ 7.48 | \$ 32.79 | \$ 31.47 | \$ 93.18 |
| (5) | 2" meter | \$ 30.63 | \$ 10.72 | \$ 44.96 | \$ 44.89 | \$ 131.20 |
| (6) | 3" meter | \$ 53.60 | \$ 18.79 | \$ 57.42 | \$ 78.55 | \$ 208.36 |
| (7) | 4" meter | \$ 80.43 | \$ 28.17 | \$ 86.15 | \$ 117.89 | \$ 312.64 |
| (8) | 6" meter | \$ 126.37 | \$ 44.26 | \$ 135.36 | \$ 185.24 | \$ 491.23 |

Section 86-172. Sewer usage rate.

- (a) In addition to the standby service charge for sewer, a usage charge is levied which is based solely on the amount of water which is registered on the water meter each billing period.

Effective July 1, 2016, the service fees shall be \$2.81 per 100 cubic feet of water metered.

Effective March 1, 2017, the service fees shall be \$2.95 per 100 cubic feet of water metered.

Effective July 1, 2017, the service fees shall be \$3.13 per 100 cubic feet of water metered.

Effective January 1, 2018, the service fees shall be \$3.41 per 100 cubic feet of water metered.

Effective January 1, 2019, the service fees shall be \$3.72 per 100 cubic feet of water metered.

Effective January 1, 2020, the service fees shall be \$4.05 per 100 cubic feet of water metered.

- (b) The sewer usage volume charge for single-family and duplex residential structures for utility bills dated June 1 through September 30 will be based on the average monthly water use billed for the five-month period from the November water meter readings through the April water meter readings with a minimum volume charge of 1,000 cubic feet per month. If a month's metered water use is less than the above referenced sewer usage volume calculation, that month's sewer usage volume charge will be based on the metered water use. For new connections with no history of usage, the minimum billing will apply.

Section 3. Publication and Effective Date. The City Clerk shall cause a notice of adoption of this ordinance to be published. This ordinance shall take effect 10 days after its adoption or upon publication of the notice of adoption, whichever occurs later.

YEAS: _____
NAYS: _____
ABSTAIN: _____
ABSENT: _____

CERTIFICATION

This true and complete copy of Ordinance No. _____ was declared adopted at a Regular Meeting of the South Haven City Council held on _____, 2017.

Robert Burr, Mayor

Travis Sullivan, City Clerk

Introduced: _____, 2017
Adopted: _____, 2017
Published: _____, 2017
Effective: _____, 2017

Residential Utility Bill Comparison
PROPOSED RATES EFFECTIVE MARCH 1, 2017

OPTION B

| | | | |
|-------------------------------------|-----------|------|------|
| Monthly Usage in Cu. Ft. | 1,000 | | |
| Current Water Rate per 100 Cu. Ft. | 2.28 | | |
| Proposed Water Rate per 100 Cu. Ft. | 2.28 | | 1 |
| Current Sewer Rate per 100 Cu. Ft. | 2.81 | | |
| Proposed Sewer Rate per 100 Cu. Ft. | 2.95 | 5.0% | 1.05 |
| Water Meter Size | 5/8"-3/4" | | |
| Monthly Electric Usage - KWH | 750 | | |
| Current Rate per KWH | 0.110 | | |
| Proposed Rate per KWH | 0.110 | | |

| <u>City Customers</u> | Current | Proposed | Change | Percent Change |
|---------------------------|---------------|---------------|----------------|-------------------|
| Water Usage | 22.80 | 22.80 | - | 0.0% |
| Water Capital Replacement | 1.96 | 1.96 | - | 0.0% |
| Water Ready-To-Serve | 6.89 | 6.89 | - | 0.0% |
| Water Capital Improvement | 4.12 | 4.12 | - | 0.0% |
| Water Plant Debt Service | 19.46 | 19.46 | - | 0.0% |
| Sewer Usage | 28.10 | 29.51 | 1.41 | 5.0% |
| Sewer Capital Replacement | 2.06 | 2.16 | 0.10 | 5.0% |
| Sewer Ready-To-Serve | 8.56 | 8.99 | 0.43 | 5.0% |
| Sewer Debt Service | 5.85 | 6.14 | 0.29 | 5.0% |
| Sewer Capital Improvement | 6.26 | 6.57 | 0.31 | 5.0% |
| Electric Usage | 82.50 | 82.50 | - | 0.0% |
| Basic Electric Charge | 6.00 | 6.00 | - | 0.0% |
| Total Utility Bill | 194.56 | 197.10 | \$ 2.54 | 1.3% |
| Total Water Bill | 55.23 | 55.23 | - | 0.0% |
| Total Sewer Bill | 50.83 | 53.37 | 2.54 | 5.0% |
| Total Electric Bill | 88.50 | 88.50 | - | 0.0% |

Residential Utility Bill Comparison
PROPOSED RATES EFFECTIVE MARCH 1, 2017

OPTION B

| | | | |
|-------------------------------------|--------------|------|------|
| Monthly Usage in Cu. Ft. | 1,000 | | |
| Current Water Rate per 100 Cu. Ft. | 2.28 | | |
| Proposed Water Rate per 100 Cu. Ft. | 2.28 | | 1 |
| Current Sewer Rate per 100 Cu. Ft. | 2.81 | | |
| Proposed Sewer Rate per 100 Cu. Ft. | 2.95 | 5.0% | 1.05 |
| Water Meter Size | 5/8"-3/4" | | |
| Monthly Electric Usage - KWH | 750 | | |
| Current Rate per KWH | 0.110 | | |
| Proposed Rate per KWH | 0.110 | | |

| South Haven Township | | Current | Proposed | Change | Percent Change |
|------------------------------|-----------|---------------|---------------|----------------|----------------|
| Water Usage | | 22.80 | 22.80 | - | 0.0% |
| Water Capital Replacement | | 1.96 | 1.96 | - | 0.0% |
| Water Ready-To-Serve | | 6.89 | 6.89 | - | 0.0% |
| Water Plant Debt Service | | 19.46 | 19.46 | - | 0.0% |
| Water Authority Debt Service | no change | 13.00 | 13.00 | - | 0.0% |
| Sewer Usage | | 28.10 | 29.51 | 1.41 | 5.0% |
| Sewer Capital Replacement | | 2.06 | 2.16 | 0.10 | 5.0% |
| Sewer Ready-To-Serve | | 8.56 | 8.99 | 0.43 | 5.0% |
| Sewer Authority Debt Service | no change | 18.00 | 18.00 | - | 0.0% |
| Electric Usage | | 82.50 | 82.50 | - | 0.0% |
| Basic Electric Charge | | 6.00 | 6.00 | - | 0.0% |
| Total Utility Bill | | 209.33 | 211.27 | \$ 1.94 | 0.9% |
| Total Water Bill | | 64.11 | 64.11 | - | 0.0% |
| Total Sewer Bill | | 56.72 | 58.66 | 1.94 | 3.4% |
| Total Electric Bill | | 88.50 | 88.50 | - | 0.0% |

| Casco Township | | Current | Proposed | Change | Percent Change |
|------------------------------|-----------|---------------|---------------|----------------|----------------|
| Water Usage | | 22.80 | 22.80 | - | 0.0% |
| Water Capital Replacement | | 1.96 | 1.96 | - | 0.0% |
| Water Ready-To-Serve | | 6.89 | 6.89 | - | 0.0% |
| Water Plant Debt Service | | 19.46 | 19.46 | - | 0.0% |
| Water Authority Debt Service | no change | 24.00 | 24.00 | - | 0.0% |
| Sewer Usage | | 28.10 | 29.51 | 1.41 | 5.0% |
| Sewer Capital Replacement | | 2.06 | 2.16 | 0.10 | 5.0% |
| Sewer Ready-To-Serve | | 8.56 | 8.99 | 0.43 | 5.0% |
| Sewer Authority Debt Service | no change | 36.00 | 36.00 | - | 0.0% |
| Total Utility Bill | | 149.83 | 151.77 | \$ 1.94 | 1.3% |
| Total Water Bill | | 75.11 | 75.11 | - | 0.0% |
| Total Sewer Bill | | 74.72 | 76.66 | 1.94 | 2.6% |

Residential Utility Bill Comparison
PROPOSED RATES EFFECTIVE MARCH 1, 2017

OPTION B

| | | | |
|-------------------------------------|-----------|------|------|
| Monthly Usage in Cu. Ft. | 1,000 | | |
| Current Water Rate per 100 Cu. Ft. | 2.28 | | |
| Proposed Water Rate per 100 Cu. Ft. | 2.28 | | 1 |
| Current Sewer Rate per 100 Cu. Ft. | 2.81 | | |
| Proposed Sewer Rate per 100 Cu. Ft. | 2.95 | 5.0% | 1.05 |
| Water Meter Size | 5/8"-3/4" | | |
| Monthly Electric Usage - KWH | 750 | | |
| Current Rate per KWH | 0.110 | | |
| Proposed Rate per KWH | 0.110 | | |

| <u>Covert Township</u> | Current | Proposed | Change | Percent Change |
|----------------------------------|--------------|--------------|-------------|-------------------|
| Water Usage | 22.80 | 22.80 | - | 0.0% |
| Water Capital Replacement | 1.96 | 1.96 | - | 0.0% |
| Water Ready-To-Serve | 6.89 | 6.89 | - | 0.0% |
| Water Plant Debt Service | 19.46 | 19.46 | - | 0.0% |
| Total Covert Utility Bill | 51.11 | 51.11 | \$ - | 0.0% |

| <u>Geneva Township</u> | Current | Proposed | Change | Percent Change |
|---------------------------|--------------|--------------|-------------|-------------------|
| Electric Usage | 82.50 | 82.50 | - | 0.0% |
| Basic Electric Charge | 6.00 | 6.00 | - | 0.0% |
| Total Utility Bill | 88.50 | 88.50 | \$ - | 0.0% |



City of South Haven

Agenda Item #8

Financing of Availability Fees

Background Information:

The City of South Haven Public Utilities Rules, Regulations and Policies was adopted by Resolution 2007-04 on January 15, 2007. Resolution 2007-04 permits the assessment of a one-time availability fee for new water and sewer services to be utilized to offset a proportional cost of the existing capital investments for those parts of the water and/or sewer system(s) which provide service jointly to all users of the utilities. Essentially, new users are assessed the availability fee as a purchase of capacity in the existing water and sewer systems and plants. Resolution 2007-04 also permits the availability fee to be changed from time to time as recommended by the Board of Public Utilities and approved by City Council.

In 2007, the City transitioned from assessing availability fees on a foot frontage basis and moved to a Residential Equivalent Unit (REU) basis. A Residential Equivalent Unit is the amount of water that a single family residence of average size would utilize during a single day. The current schedule considers one REU to be 250 gallons per day. At the time that the City transitioned to the REU basis, it adopted a schedule that is used to calculate the number of REUs for various land uses or building occupations. The City elected to adopt the same schedule that was in use by the South Haven/Casco Township Sewer and Water Authority. City Council adopted minor changes to the REU schedule with the adoption of Resolution 2015-48.

A new single family residence with four or fewer bedrooms is assessed availability fees for 1.0 REU in the amount of \$9,706. In addition, vacant lots often need to have service laterals installed. Connection fees to install service laterals for a single family residence are set at \$7,000 per Resolution 2012-19. A single family residence is also subject to inspection fees totaling \$100 and a water meter deposit of \$574.36. Thus, the total water and sewer fees for construction of a new home in the City limits on an infill lot are typically \$17,380.36. Fees for non-residential uses are typically higher because they are more than 1.0 REU and the size of service laterals is larger, resulting in higher connection fees.

The South Haven/Casco Township Sewer and Water Authority also assesses availability fees for connections in their service territory. Availability fees in the townships are based on both the size of the property and the REU schedule. A single family residence on 1 acre of land would be required to pay \$7,350 in water system availability fees and \$9,950 in sewer system availability fees to the Authority plus \$4,000 in water plant availability fees to the City of South Haven. The Authority has permitted financing of

availability fees for quite some time. Thus, adoption of this policy will align City policy with Authority policy.

City staff often field comments and complaints regarding these fees. In addition, property developers have indicated that these fees are restricting new residential development. One potential means to diminish the concerns is to offer financing of availability fees for new customers. As noted above, the availability fee is essentially a purchase of system capacity. The City has already paid for the systems to provide this capacity or is in the process of paying back loans taken out to construct the capacity. Since collection of the availability fee in one lump sum is not required to pay for an immediate expense, financing of the availability fee should not have a negative impact on the finances of the utilities.

Financing would be offered to any new customer subject to assessment of availability fees and only in the amount of the availability fees. Connection fees, inspection fees, and meter deposits would still need to be paid in full at the time of application for service. The customer would be required to sign an agreement. The agreement would require that the customer pay off the availability fees over a period not to exceed 15 years with interest accrued at the rate of 4.5%, compounded annually. The amount due under the agreement would constitute a lien upon the property and the payments would be assessed once per year on one of the two tax bills.

Recommendation:

Board should pass a motion recommending that Council pass a resolution amending the Utility Policy to permit financing of availability fees for new water and sewer customers.

Support Material:

Draft Resolution Amending the City's Utility Policy to Authorize Payment of Water and Sewer Availability Fees in Installments.

CITY OF SOUTH HAVEN
VAN BUREN AND ALLEGAN COUNTIES, MICHIGAN

RESOLUTION NO. 2017-___

A RESOLUTION TO AMEND THE CITY'S UTILITY POLICY TO AUTHORIZE PAYMENT OF
WATER AND SEWER AVAILABILITY FEES IN INSTALLMENTS

Minutes of a regular meeting of the City Council of the City of South Haven, Van Buren and Allegan Counties, Michigan, held in the City Hall, 539 Phoenix Street, South Haven, Michigan 49090 on _____, 2017 at 7:00 p.m. local time.

PRESENT: _____

ABSENT: _____

The following preamble and resolution was offered by Member _____ and supported by Member _____.

WHEREAS, the City charges a one-time availability fee for new water and sewer customers, in an amount set by City Council Resolution 2015-48 based on the residential equivalency units (REUs) of the development, to offset the proportional cost of the existing capital investments in the public water and sewer systems in the City; and

WHEREAS, the City Council has determined that it is in the best interest of the City to allow property owners to pay the availability fee in installments over of a period of up to 5 years, in accordance with the form agreement attached as Exhibit A.

NOW, THEREFORE BE IT RESOLVED that the form agreement attached as Exhibit A is approved. The City Manager is authorized to complete the form agreement and to make minor modifications as deemed appropriate given individual circumstances. The City Manager and City Clerk are authorized to sign such agreements on behalf of the City, and to sign any subsequent agreements needed to transfer obligations to successors in interest.

BE IT FURTHER RESOLVED that this resolution shall be included as an addendum to the City's Public Utilities Rules, Regulations and Policies.

BE IT FURTHER RESOLVED that all resolutions and parts of resolutions are, to the extent of any conflict with this resolution, rescinded.

BE IT FURTHER RESOLVED, that this resolution shall take effect upon approval by the City Council.

RECORD OF VOTE:

Yeas: _____

Nays: _____

RESOLUTION DECLARED ADOPTED

Robert G. Burr, Mayor

CERTIFICATION

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council at a meeting held on the ____ day of _____, 2017, at which meeting a quorum was present, and that this resolution was ordered to take immediate effect. Public notice of said meeting was give pursuant to and in compliance with the Open Meetings Act, Act No. 167 of the Public Acts of Michigan 1976 (MCL 15.261 *et seq*).

Travis Sullivan, City Clerk

GRAPIDS 57671-1 435982v1

DRAFT

AVAILABILITY FEE INSTALLMENT PAYMENT AGREEMENT

This Availability Fee Installment Payment Agreement is made as of _____, 20____, between the City of South Haven, a Michigan municipal corporation the principal business address of which is 539 Phoenix Street, South Haven, MI 49090-1490 (the "City"), and _____, a _____ whose address is _____, South Haven, MI 49090 (the "Owner").

RECITALS

- A. The Owner owns property commonly known as _____, South Haven, Michigan, and more particularly described on the attached **Exhibit A** (the "Property").
- B. The Owner intends to construct a _____ on the Property that will be serviced by the public water and sewer systems in the City.
- C. The City charges a one-time availability fee for new water and sewer customers, in an amount set by City Council Resolution 2015-48 based on the residential equivalency units (REUs) of the development, to offset the proportional cost of the existing capital investments in the public water and sewer systems in the City (the "Availability Fee").
- D. The City has approved a contract creating a regional authority known as the South Haven Area Water/Sewer Authority (the "SHAWSA"), which will assume various rights and obligations of the City with respect to the City's public water and sewer systems.
- D. The parties are entering into this Agreement to authorize the Owner to pay the availability fee for the Property in installments to the City, subject to the following terms and conditions.

TERMS AND CONDITIONS

In exchange for the consideration in and referred to by this Agreement, the parties agree as follows:

1. The Property Owner agrees to pay the City the applicable Availability Fee of \$_____ in _____ annual installments of principal plus accrued interest, with the first payment to be made on or before _____, 20__, and subsequent payments to be made on _____ of each year thereafter until _____, 20__. Interest shall accrue at a rate of 4.5%, compounded annually.
2. Any amounts due under this Agreement shall be a lien upon the Property collectible in the same manner as liens for real property taxes, pursuant to the General Property Tax Act, Act 206 of 1893, as amended.
3. This Agreement pertains to the Availability Fee only. It does not defer the obligation to pay any other applicable fees relating to the provision of water and sewer service to the Property.
4. This Agreement shall be recorded in the office of the _____ Register of Deeds and shall run with the land as follows:
 - a. If the Owner conveys the Property to a third party ("Grantee") before paying the total amount owed under this Agreement, the Owner and the Grantee shall be jointly and severally liable for that amount until such liability is transferred pursuant to this paragraph. The Grantee may fully assume the Owner's liability with the written approval of the City Manager, which shall be freely granted unless the City Manager has good cause to believe the Grantee is unable to pay.

b. If the Owner conveys an interest in any portion of the Property to a Grantee before paying the total amount owed under this Agreement, the Owner shall remain solely liable for that amount until such liability is transferred pursuant to this paragraph. The Grantee may assume a portion of the Owner's liability (determined based on a proportionate share of the Property being acquired) by written agreement signed by the City, the Owner, and the Grantee. If the division of the Property (whether by lot split, condominium formation, or other means) results in additional availability fees being owed, the written agreement shall address the apportionment of the additional fees.

c. The City may assign its rights under this Agreement to the SHAWSA.

5. This is the entire Agreement between the parties as to its subject matter. It supersedes any prior or contemporaneous agreements. It may not be modified except in writing, signed by both parties.

6. In case of any dispute pursuant to this Agreement, the parties agree that, to the extent not otherwise prohibited by law, the jurisdiction and venue for any such dispute shall be solely within the state courts located in _____ County, Michigan. The parties further agree that in any such dispute the prevailing party shall, in addition to any other relief to which it may be entitled, be awarded its actual cost, including, without limitation, filing fees, discovery costs, actual reasonable attorneys' fees, expert witness fees, and other costs incurred to bring, maintain or defend any such action from its first accrual or notice thereof through all appellate and collection proceedings.

CITY OF SOUTH HAVEN

STATE OF MICHIGAN
COUNTY OF _____

By: _____
Brian Dissette, City Manager

This Agreement was executed on _____, 2017 by Brian Dissette and Travis Sullivan, the Mayor and City Clerk, respectively, of the City of South Haven on behalf of the City.

By: _____
Travis Sullivan, Clerk

*
Notary public, _____ County, MI
My commission expires: _____

STATE OF MICHIGAN
COUNTY OF _____

This Agreement was executed on _____, 2017 by _____, and _____ who are personally known to me or presented valid photo identification, acknowledged signing this document.

*
Notary public, _____ County, MI
My commission expires: _____

Drafted By:
Scott Smith
DICKINSON WRIGHT PLLC
200 Ottawa Ave., NW, Suite 1000
Grand Rapids, MI 49503

When Recorded Return To:
Travis Sullivan
City of South Haven
539 Phoenix Street
South Haven, MI 49090