

An Open Letter to Township Municipal Water System Users

At our regular meetings on February 19, March 4 and March 18, 2008 the Township Board of Trustees unanimously supported recognition that the township provides one municipal water system served by two water sources; with equal benefit and responsibility for payment of operating costs and long-term debt to be equally shared by all system users. The recent positive settlement of the long standing water supply contract dispute with the City of Marquette provided the opportunity to reinforce the sense of community that has been a focus of the current Board members in other projects. As a community, all township residents benefit from the long-term impacts of major infrastructure improvements regardless of their location within the township. The infrastructure component now under consideration is the municipal water system; but the implications for township residents should be no different for any other major infrastructure component such as expansion of sanitary sewer, storm water management, roads, and recreation facilities. This has been the philosophy in the past for projects like the Trowbridge sanitary sewer, Badger Creek Drainage District, and 2007 road improvements; and is the philosophy of the current Board.

With regard to our municipal water system, as a community, all township residents benefit from the long-term stability and security of multiple water sources; predictability of future water rates; and water system improvements that came from the well field project and the dispute settlement. The settlement can be viewed as a limited term insurance policy protecting water quantity and quality; securing that the vitality of our community can go forward and continue to flourish without concern for future availability of our drinking water resources. Such stability and security did not exist beyond the maximum term (December 31, 2022) of the water supply contract between the township and City of Marquette. The recent resolution of the dispute includes immediate and long-term financial benefits, and a continuation of the terms of that water supply contract into perpetuity – forever. The township water supply, quantity and quality, will be secure into the future.

At our February 19th meeting under the Forum Discussion section there was much Board discussion regarding the impacts of the recently mediated settlement agreement resolving the last remaining water supply contract litigation issue with the City of Marquette. Following the discussion, the Township Board reached a consensus regarding the desired water rate structure and Michigan Drinking Water Revolving Loan Fund (DWRF) Debt Retirement obligations now that all township water system users benefit from the settlement terms. The consensus reached was 1) to reimburse the water fund for \$106,000.00 DWRF subsidies contributed to date; 2) to immediately allocate \$89,000.00 to shorten the long-term DWRF obligations; 3) to immediately spread the DWRF debt retirement obligation to all municipal water users; and 4) to immediately apply the discounted City water cost to all municipal water users. The rationale for combining the two current municipal water sources, with equal benefit and responsibility for payment of operating costs and long-term debt equally shared by all system users, recognizes another opportunity to reinforce the sense of community that has been our focus in other projects.

The Grove and Northwoods Water Districts contain about 27% (271) of our total township water system users and account for about 45% of the total water system demand; the Cox Water District contains about 73% (742) of our total township water system users and account for about 55% of the total water system demand. The Boards consideration included the following elements:

- The township will no longer subsidize water rates from the water fund balance;
- The average residential water system user purchases approximately 1,750 gallons per person per month;
- That water consumption calculations be predicated on current use;
- Water costs and DWRF Debt Retirement obligations considered are as currently exist;
- Township operating costs for the water system when added to water acquisition costs equate to 49% of the total Public Works expenses.

The establishment of equitable water rates and the DWRF repayment structure is an extremely complicated issue that has been discussed, debated and litigated since May of 2002. Many options, alternatives, financing mechanisms, and repayment options have been considered and acted upon by the current and previous Boards – all have been contentious. All township residential water system users currently buy water at \$6.42/1,000 gallons used; and township commercial water system users buy water at a water rate based upon service line size. Township residential water system users in the Grove and Northwoods Water Districts additionally fund the DWRF Debt Retirement repayment obligation at \$17.50/month (the initial amount of \$30.00/month has been reduced twice to the current amount); and township commercial water system users fund the DWRF Debt Retirement repayment obligation based upon an “equivalent” basis by service line size.

Effective with the May 1st water billing all users of the township municipal water system, regardless of water source, will equally share in the DWRF debt retirement obligation. The impact will be a standardized monthly fee of \$11.00 for all residential users to be specifically applied to the DWRF debt retirement. Commercial users obligation will remain based upon the “equivalent” basis by service line size. This will be in addition to the regular water volume billing, and will be paid by all township water users. It is expected that as the township continues to grow and to add additional water system users the DWRF debt retirement obligation monthly fee or duration will correspondingly reduce. Additionally, effective with the May 1st water billing the 2008 regular water volume rate reduced from the current \$6.42/1,000 gallons (was \$7.13/1,000 gallons in July 2006) to \$5.70/1,000 gallons. This reflects a \$1.43/1,000 gallon reduction in the water volume rate within a 22 month period.

To put this into perspective; the purchase of commercially bottled water is about \$1.00 per gallon container; and at about \$1.29 per single 20 ounce bottle equates to \$8.24 per gallon - compared to \$0.0057 cent per gallon for township municipal water delivered to your faucet.

