

December 3, 2012

Dear Residents:

As was noted in Village Council Meeting minutes, the Village partnered with the Michigan Rural Water Association to conduct a water and sewer rate study as prescribed by the State of Michigan. The objective of the study is to determine if current rates are adequate to support the present and short-term future needs of the Village.

In brief, the Michigan Rural Water Association Rate Evaluation Program consists of a review and inventory of the Village water and sewer systems; an evaluation of the revenue requirements for basic maintenance and anticipated equipment replacement expenses associated with the systems; and the development of a rate structure to support the expenses associated with the systems. The goal is to ensure that the water and sewer systems can be properly maintained and equipment replaced (as necessary) by the revenue generated through the rate structure.

In the Council's review of the rate evaluation study data, precedence was given to the following:

- Water and sewer systems must be funded adequately for necessary maintenance and equipment needs.
- Rates must be fair and equitable. Residents should pay only for the water they actually use (42% of our residents use less than the 10,000 gallon minimum billed under the old rate structure).
- Revenue generated by the rate structure for the maintenance of our water and sewer systems must be adequate but not excessive.

Although no one likes rate increases, it is very important to properly maintain the water and sewer systems in order to prolong their life expectancy, which in the long-term saves money.

Beginning with the 2013 spring quarterly billing cycle (March/April/May), the sewer rate will increase from \$27 to \$33 per quarter. The base rate for water will be \$19 per quarter (same as before) plus \$1.87 for each 1,000 gallons of water used. This reflects the first sewer rate adjustment since the system was installed back in the early 1970s and the first water rate adjustment since 2007. Even with these adjustments, our water and sewer rates continue to be lower, and in many cases much lower, than those in surrounding communities.

At this time, I would like to take the opportunity to wish everyone a very Merry Christmas. This is a great time to reach out to those less fortunate. Whether their needs be financial, emotional, or spiritual, please give generously during this holiday season.

Sincerely,

Dean Kohagen, President  
Village of Westphalia