

# MEMO

DATE: 17-Nov-2016

TO: St. James Township Officials

FROM: Kathleen McNamara and Maureen Turner

RE: Rate Study Items for Consideration

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The information outlined below summarizes items for Board consideration while adopting the 2017 Sewer Rate Study. The items outlined below have been grouped into the following main categories: customer input; recommended ordinance changes; administrative policies to be considered; and rate study recommendations, such as the rates for the upcoming year.

## **SECTION 1: CUSTOMER COMMUNICATIONS**

1. During the public comment period, no written or verbal responses were received from sewer customers, stakeholders, or members of the public.
2. Kathleen McNamara and Maureen Turner met with Mr. Eric Hodgson on October 27, 2017, regarding the ongoing problem of grease entering the sewer system from The Shamrock restaurant. All participants were in agreement that this issue needs to be addressed. Eric has initiated changes in restaurant operations and has proposed the use of an enzyme to reduce grease in the system to levels allowed by the ordinance. We are completing research at this time about whether this system is acceptable for use in the township's system. Meeting notes are attached.

## **SECTION 2: ORDINANCE REVISIONS\***

1. Revise Ordinance Article XII, Section 1, to provide for a transfer of delinquent sewer payables to property tax bills twice per year (once before each tax bill), and shorten the delinquent period from 180 days to 90 days. The time of transfer should coincide with the requirements of the Charlevoix County Treasurer's office.
2. Revise Ordinance Article XVI, Section 1 to require the submittal of the annual review of sewer system expenses relative to the previous fiscal year, by October 15th each year, rather than July 29. Rates would go into effect on January 1 each year.
3. Revise Article VIII, Section 6 of the ordinance to allow quarterly billing if requested in writing, and if timely payments are made. Revise the invoice due date from 10 to 20 days after invoice issuance, which will coincide with the application of late fees.

\* If ordinance revisions are pursued, the revisions must go through a public input period and public hearing process. Proposed text revisions should be reviewed by legal counsel before initiating the public input process.

**SECTION 3: ADMINISTRATIVE POLICIES**

1. There are no administrative procedure changes recommended at this time.

**SECTION 4: RATE STUDY RECOMMENDATIONS**

1. That the REU Schedule as adopted in 2016 remain in effect for 2018;
2. That the Capital Improvement Plan (CIP) as shown in the Rate Study, be adopted with the understanding that the CIP has no bearing at this time on the establishment of rates;
3. That rates be set at \$38.00/REU, based upon:

Sewer Fund Expenses during 2016/2017	\$ 27,530
Street & Road Fund – payment of sewer use fees back, annually	\$ 13,000
Installment Purchase: CSB (payoff 06/01/2021)	\$---
Capital Improvement Fund	\$5,000
<b>Net Expense</b>	<b>\$45,530</b>

Based upon last year’s expense: Anticipated average monthly expense:

$$\$45,530/\text{yr.} \div 12\text{mo./yr.} = \$3,794.17/\text{mo.}$$

Using 98.06 REUs:

$$\$3,794/\text{mo.} \div 98.06 \text{ REUs} = \$38.69/\text{REU}$$

4. Adopt the Rate Study as revised based on the decisions made by the township board. Revisions to the study, as decided by the board today, will be incorporated into the final report.