



"One Team, One Town, One Family"

**Morenci City Offices
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Water & Sewer Rates

At the May 11, 2020 Morenci City Council meeting, the Morenci City Council approved a resolution to increase water rates on the usage and the willingness to serve charge, as well as establish a sanitary improvement charge starting with the July 2020 utility bill. Along with that, monthly utility billing will begin starting with June 2020 (with the old rates).

The new rates established are the following:

Total WTS charge: \$21.49 a month for a ¾ inch water line
(typical resident water line)
(currently \$22.87 a quarter)

Sanitary Capital Improvement: \$16.72 a month (NEW CHARGE)

Water rate: \$4.07 per 1,000 gallons
(currently \$2.47 per 1,000 gallons)

Sewer rate: \$3.47 per 1,000 gallons
(currently \$3.47 per 1,000 gallons)

This results in the following chart based upon water and sewer usage:

Usage in Month	Cost for Month Old Rate	Cost for Month New Rate (includes \$6.00 a month for Refuse)	Difference
1,000	\$18.91	\$51.75	\$32.84
2,000	\$24.85	\$59.29	\$34.44
3,000	\$30.79	\$66.83	\$36.04
4,000	\$36.73	\$74.37	\$37.64
5,000	\$42.67	\$81.91	\$39.24
6,000	\$48.61	\$89.45	\$40.84
7,000	\$54.55	\$96.99	\$42.44
8,000	\$60.49	\$104.53	\$44.04
9,000	\$66.43	\$112.07	\$45.64
10,000	\$72.37	\$119.61	\$47.24
11,000	\$78.31	\$127.15	\$48.84
12,000	\$84.25	\$134.69	\$50.44
13,000	\$90.19	\$142.23	\$52.04
14,000	\$96.13	\$149.77	\$53.64

The reason for the increase is based upon mandates from the Michigan Department of Environment, Great Lakes, & Energy (EGLE). EGLE is mandating wholesome changes to the City of Morenci's water supply and mandating that the lagoons be dredged and new liners installed in Cell #2 and Cell #3. A new lift station also needs to be installed to replace the existing lift station that is past efficiency standards.

The City of Morenci has been able to accomplish several projects in a short timespan since learning about the mandates from EGLE. Those projects have been completed with funding from existing fund balances in the Water and Sewer Fund. Projects, include:

• Electrical Upgrades & Generator Work:	\$27,187.30
• Water Treatment Plant Roof:	\$16,095.00
• Fencing:	\$21,000.00
• Locks and Doors at Water Treatment Plant:	\$1,100.00
• SCADA and Telemetry at Water Treatment Plant & Lift Station:	\$57,820.00
• Lift Station Secondary Pump and Installation:	\$16,885.00
• Heater at Water Treatment Plant:	\$2,200.00
• Engineering, so far, Lagoons and Lift Station:	\$16,425.81
• Chlorine Injection Room:	\$2,161.47
• Operator Costs for Licensed Water Supply & Lagoon Operators:	\$34,115.49
• Bypass for Lift Station:	\$56,350.32
• Laboratory Equipment:	\$2,857.55
• Inventory of Water & Sewer Supplies:	\$8,160.05
• <u>Identification of Poor Sanitary Lines & Lift Station Cleaning:</u>	<u>\$4,025.00</u>
Total Expended out of Fund Balances:	\$265,282.99

That represents the shortlist of projects that were required by EGLE. Items outstanding to be in further compliance, include:

• Lagoon Cell #2 and Cell #3 Reconstructed by end of Summer 2021:	\$5,680,000.00
• Lift Station:	\$500,000.00
• Further Electrical Upgrades & Generator Work at Water Treatment Plant:	\$10,000.00
• Rebedding of Iron Removal Filters:	\$60,000.00
• Further Laboratory Setup:	\$10,000.00
• Lead line replacement (every year for at least 10 years):	\$25,000.00
	to \$100,000.00
• Collapsed Sanitary Line Replacement (Orchard and Stephenson Street 21-inch interceptor; East Street South collapsed line)	\$70,000.00
• Locust Street Sanitary and Water Line: (illustrative for at least three years out)	\$400,000.00
• Remaining costs for design engineering for lagoons & lift station, plus application to USDA for loan:	\$30,000.00
• <u>Future Water Meter Changeout:</u>	<u>\$350,000.00</u>
Total Estimated Cost:	\$7,110,000.00 to \$8,110,000.00

Frequently Asked Questions

Question: Is the water being tested? I want to see test results.

Answer: The City of Morenci's water supply is supervised by at least three staff members on a daily basis. Daily tests include chlorine residuals of water at the Water Treatment Plant and in the distribution system. Other tests include levels of iron in raw and finished water, monthly bacteriological tests, and bi-weekly water quality parameters (includes pH, alkalinity, conductivity, chloride, calcium, and sulfate). Monthly Operational Reports (MOR) for the City of Morenci are posted on www.CityofMorenci.org in "Latest News."

Q: My water tastes like bleach and my dog won't even drink it. This is outrageous.

A: We can't speak to your dog drinking the water, but our staff drinks the water with no issues. What we can explain to you is this. Our water supply permit calls for the injection of chlorine into the water. The City of Morenci is injecting the minimum amount of chlorine possible. When finished water leaves the Water Treatment Plant, it is leaving with a chlorine residual of around 0.9 mg/L free and 1.1 mg/L total.

It leaves the plant with these residuals to ensure that we are obtaining a residual around 0.5 mg/L on the dead ends of the community, which is the minimum amount allowable through our permit. The legal limit that we must stay below for a chlorine residual is 4.0 mg/L. We are well within that.

Chlorine is used to kill any germs that are in the water from the ground, including e coli, coliform, while preventing bacterial growth.

Q: What about the taste?

A: Like everything, taste is acquired. It is recognized that with our operators ensuring that the permit is being followed, we have had to make the correct adjustments to the feeding of chlorine. If the taste isn't something you like, and we understand that, then the best solution is to get a carbon filter. The carbon filter will take care of any issues you have, as a carbon filter removes chlorine from the water.

Q: Why now? Why all of a sudden do we have to pay for the improvements?

A: The City of Morenci has been in discussions with EGLE regarding these improvements since November 2019. A lot of these items have been reported on by the State Line Observer. These improvements need to happen to be in compliance with the requirements of EGLE. Some of the projects were done with existing fund balances, but not everything can be done that way, and the place these funds come from are an enterprise fund that generates revenue based on system surcharges and usage fees. The United States Department of Agriculture (USDA) is working with the City of Morenci on a low interest loan that will expand 30 to 40 years to pay on the lagoon and lift station project. The new sanitary improvement charge will help to pay for that loan.

Q: What have our water and sewer rates been historically?

A: Good question. Here is the history of water and sewer rates in Morenci:

Willingness to Serve Charge for Water

Quarterly Willingness to Serve Charge: \$22.87

This charge hasn't been changed since 1992 or before then.

Sanitary Improvement Charge

In 1992, a Sanitary Improvement Charge-like charge of a flat fee of \$11.50 a quarter and another based strictly on usage to pay off of debt of 83 cents per thousand gallons of sewage for debt retirement. Those charges came off of utility bills in 2012.

Sewer Rate Per Thousand Gallons

2019 – 2020: \$3.47
2018 – 2019: \$3.37
2017 – 2018: \$3.37
2016 – 2017: \$3.37
2015 – 2016: \$3.37
2014 – 2015: \$3.37
2013 – 2014: \$3.37
2012 – 2013: \$3.37
2011 – 2012: \$3.37
2010 – 2011: \$2.37
2009 – 2010: \$2.29
2008 – 2009: \$2.47
2007 – 2008: \$2.65
2006 – 2007: \$2.65
2005 – 2006: \$2.65

Water Rate Per Thousand Gallons

2019 – 2020: \$2.47
2018 – 2019: \$2.40
2017 – 2018: \$2.40
2016 – 2017: \$2.40
2015 – 2016: \$2.40
2014 – 2015: \$2.40
2013 – 2014: \$2.40
2012 – 2013: \$1.76
2011 – 2012: \$1.76
2010 – 2011: \$1.76
2009 – 2010: \$1.76
2008 – 2009: \$1.76
2007 – 2008: \$1.76
2006 – 2007: \$1.76
2005 – 2006: \$1.76

Q: These water and sewer rates are going to make us the highest in the state. How can you do that to us?

A: Not true. The increased water and sewer rates move us from the tenth lowest in the State of Michigan to middle of the pack. Here's how we stack against us our neighbors for an average of 6,000 gallons a month (does not include refuse surcharges on bill):

Hudson:	\$52.39	Clinton:	\$91.30
Tecumseh:	\$54.88	Union City:	\$107.98
Brooklyn (2016 numbers):	\$74.65	(2016 numbers for Union City)	
Morenci:	\$83.45	Blissfield:	\$111.67
Jonesville (2016 numbers):	\$85.72		
Dexter (2016 numbers):	\$87.95		

Q: What happen with the lagoons? Why all of a sudden that project?

A: It's been found that trees are growing in the lagoons, brush hasn't been cut down on the banks in years, and the liner appears to be allowing seepage out of Cell #2 onto Sims Highway. This requires both the liner in Cell #2 and Cell #3 to be dredged and reconstructed. It should be noted that the City of Morenci only had about \$150,000.00 saved up for the dredging and that has since been invested into the actual system itself as the existing fund balance that was used. Dredging will cost anywhere between \$1,200,000.00 to \$1,500,000.00.

Q: Was anything else considered outside of the reconstruction of the lagoons?

A: The City of Morenci engaged Poggemeyer Design Group (PDG) to do a preliminary engineering report on other possibilities. Reconstruction of the lagoons in the amount of \$5,680,000.00 was the cheapest. A mechanized wastewater plant cost around \$7,600,000.00 to construct and shipping our sewage to Adrian cost more than \$22,000,000.00.

Q: The City of Morenci allowed marihuana facilities into our little town. It's time for them to pay up, as I heard one of them makes \$50,000.00 a week. Tax 'em and make them pay.

A: Marihuana facilities are estimated to pay \$160,000.00 in license fees in the next fiscal year. With the COVID-19 pandemic, the City of Morenci is estimated to lose \$130,000.00 in state revenue sharing (and that doesn't include the projected halved in weight and gas tax revenue for roads). These license fees will allow, with continued operations staying the same, the General Fund to have an excess revenue of \$5,000.00. Without these facilities, the General Fund was likely to have a shortfall of \$130,000.00. The City of Morenci does not receive funds from the profits that the facilities make – only property taxes and licensing fees. The City of Morenci was guaranteed some sort of sales tax revenue from the facilities in the past, but the State of Michigan hasn't made a payment of that sales tax to any community since 2018.

It should be further noted that only one growing facility is up and running in the industrial park today. That facility is split into halve and contains two growing facilities. The combination of the utility bill a quarter for both facilities is currently \$1,500.00 to \$2,000.00. The utility bill for that facility will hardly make a dent in the cost of the improvements mandated by EGLE.

Q: You guys have been irresponsible with our money. Remodels of City Hall, the DPW Facility, a police car, and fire equipment. Why didn't you spend that money on these improvements?

A: The items cited are activities of the General Fund, not the Water & Sewer Fund. The Water & Sewer Fund has revenue raised by usage fees and surcharges for water and sewer. This fund operates totally different from the General Fund and the money should not be interchanged. The General Fund is made up of funds from property taxes, license fees, and state-shared revenue and is to be used for general operations, such as fire, police, leaf pickup, sidewalks, recreational, and building and grounds.