



Village of Decatur  
114 N Phelps Street  
Decatur, MI 49045

## MEMORANDUM

TO: Village Council  
FROM: Christopher Tapper, Village Manager  
REVIEWED BY: N/A  
DATE: January 3, 2021

SUBJECT: Updates USDA – Water System Improvements, Wastewater System Improvements

### Action Requested:

It is requested the Village Council receive an update regarding the Village of Decatur, USDA Water System and Wastewater System Improvements.

### Background:

At the December 6, 2021, Village Council meeting, the Council received an update regarding the draft applications prepared by Wightman Associates. Mickey Bittner, PE was also in attendance to answer questions the Council had regarding the draft applications. One of the questions addressed was the discussion of proposed rate increases. The draft applications to the USDA, the Village will need to adopt the following rate increases to be considered for the bonding revenues;

Year one 2022-2023, Water base rate will need to be increased 35% with a 15% Sewer base rate.

Year two 2023-2024 Water base rate will need to be increased 1% with a 15% Sewer base rate.

Year three 2024-2025 Water base rate will need to be increased 1% with a 15% Sewer base rate.

Year four 2025-2026 Water base rate will need to be increased 1% with a 1% Sewer base rate.

Year five 2026-2027 Water base rate will need to be increased 1% with a 1% Sewer base rate.

The increases are not an easy discussion to have, but they are extremely important to understand why they are happening now. The Village's water and sewer systems are reaching their life expectancy. The Village historically has kept water and sewer rates lower than the cost of doing business. Thus, not addressing capital improvements needs to maintain the water and sewer systems. I would agree the DPW staff over the years has performed an outstanding job with maintaining the system with what resources have been available, but the Village has not increased revenues to keep up the costs to perform capital improvements. This would be the why



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the first-year rate increase to water and sewer rates are so dramatic. It should be noted, the attention needed for the sewer fund continues through year three.

Attachments:

Water-Sewer Rate Forecast2022-23

**Village of Decatur**  
**Water - Sewer Discussion**  
**Current Water - Sewer Rates 2021-2022**

		726	815	707	1058	500	730	1115
		Resident One	Resident Two	Resident Three	Resident Four	Resident Five	Resident Six	Resident Seven
	Gallons/Billed	3663	4385	3018	6464	1307	7072	517
	Water Base	\$16.35	\$16.35	\$16.35	\$16.35	\$16.35	\$16.35	\$16.35
	Sewer Base	\$14.65	\$14.65	\$14.65	\$14.65	\$26.08	\$14.65	\$14.65
	Water Use	\$9.05	\$10.83	\$7.45	\$15.97	\$3.23	\$17.47	\$1.28
	Sewer Use	\$5.57	\$6.67	\$4.59	\$9.83	\$1.99	\$10.75	\$0.79
	<b>Total Water &amp; Sewer</b>	<b>\$45.62</b>	<b>\$48.50</b>	<b>\$43.04</b>	<b>\$56.80</b>	<b>\$47.65</b>	<b>\$59.22</b>	<b>\$33.07</b>
<b>Year One - USDA Project 2022-2023</b>								
	35% increase year one	Water Base	\$22.07	\$22.07	\$22.07	\$22.07	\$22.07	\$22.07
	15% increase year one	Sewer Base	\$16.85	\$16.85	\$16.85	\$29.99	\$16.85	\$16.85
		Water Use	\$12.22	\$14.62	\$10.06	\$21.56	\$4.36	\$23.58
		Sewer Use	\$6.41	\$7.67	\$5.28	\$11.30	\$2.29	\$12.36
	<b>Total Water &amp; Sewer</b>	<b>\$57.54</b>	<b>\$61.21</b>	<b>\$54.26</b>	<b>\$71.78</b>	<b>\$58.71</b>	<b>\$74.87</b>	<b>\$41.56</b>
	<b>Increase cost per month(YEAR ONE)</b>	<b>\$11.92</b>	<b>\$12.71</b>	<b>\$11.22</b>	<b>\$14.98</b>	<b>\$11.06</b>	<b>\$15.65</b>	<b>\$8.49</b>
<b>Year Two - USDA Project 2023-2024</b>								
	1% increase year one	Water Base	\$22.29	\$22.29	\$22.29	\$22.29	\$22.29	\$22.29
	15% increase year one	Sewer Base	\$22.74	\$22.74	\$22.74	\$40.49	\$22.74	\$22.74
		Water Use	\$12.34	\$14.77	\$10.16	\$21.78	\$4.40	\$23.82
		Sewer Use	\$6.47	\$7.75	\$5.33	\$11.42	\$2.31	\$12.49
	<b>Total Water &amp; Sewer</b>	<b>\$63.85</b>	<b>\$67.55</b>	<b>\$60.53</b>	<b>\$78.23</b>	<b>\$69.50</b>	<b>\$81.34</b>	<b>\$47.70</b>
	<b>Increase cost per month(YEAR TWO)</b>	<b>\$6.30</b>	<b>\$6.34</b>	<b>\$6.27</b>	<b>\$6.45</b>	<b>\$10.78</b>	<b>\$6.48</b>	<b>\$6.14</b>
<b>Year Three - USDA Project 2024-2025</b>								
	1% increase year one	Water Base	\$22.52	\$22.52	\$22.52	\$22.52	\$22.52	\$22.52
	15% increase year one	Sewer Base	\$26.16	\$26.16	\$26.16	\$46.56	\$26.16	\$26.16
		Water Use	\$12.46	\$14.91	\$10.26	\$21.99	\$4.45	\$24.06
		Sewer Use	\$6.53	\$7.82	\$5.38	\$11.53	\$2.33	\$12.61
	<b>Total Water &amp; Sewer</b>	<b>\$67.67</b>	<b>\$71.41</b>	<b>\$64.32</b>	<b>\$82.20</b>	<b>\$75.86</b>	<b>\$85.34</b>	<b>\$51.36</b>
	<b>Increase cost per month(YEAR THREE)</b>	<b>\$3.82</b>	<b>\$3.86</b>	<b>\$3.79</b>	<b>\$3.97</b>	<b>\$6.36</b>	<b>\$4.00</b>	<b>\$3.66</b>
<b>Year Four - USDA Project 2025-2026</b>								
	1% increase year one	Water Base	\$22.74	\$22.74	\$22.74	\$22.74	\$22.74	\$22.74
	1% increase year one	Sewer Base	\$26.42	\$26.42	\$26.42	\$47.03	\$26.42	\$26.42
		Water Use	\$12.59	\$15.06	\$10.36	\$22.21	\$4.49	\$24.30
		Sewer Use	\$6.60	\$7.90	\$5.44	\$11.65	\$2.36	\$12.74
	<b>Total Water &amp; Sewer</b>	<b>\$68.35</b>	<b>\$72.13</b>	<b>\$64.96</b>	<b>\$83.02</b>	<b>\$76.62</b>	<b>\$86.19</b>	<b>\$51.88</b>
	<b>Increase cost per month(YEAR FOUR)</b>	<b>\$0.68</b>	<b>\$0.71</b>	<b>\$0.64</b>	<b>\$0.82</b>	<b>\$0.76</b>	<b>\$0.85</b>	<b>\$0.51</b>
<b>Year Four - USDA Project 2026-2027</b>								
	1% increase year one	Water Base	\$22.97	\$22.97	\$22.97	\$22.97	\$22.97	\$22.97
	1% increase year one	Sewer Base	\$26.68	\$26.68	\$26.68	\$47.50	\$26.68	\$26.68
		Water Use	\$12.71	\$15.21	\$10.47	\$22.43	\$4.54	\$24.54
		Sewer Use	\$6.67	\$7.98	\$5.49	\$11.76	\$2.38	\$12.86
	<b>Total Water &amp; Sewer</b>	<b>\$69.03</b>	<b>\$72.85</b>	<b>\$65.61</b>	<b>\$83.85</b>	<b>\$77.39</b>	<b>\$87.06</b>	<b>\$52.39</b>
	<b>Increase cost per month(YEAR FIVE)</b>	<b>\$0.68</b>	<b>\$0.72</b>	<b>\$0.65</b>	<b>\$0.83</b>	<b>\$0.77</b>	<b>\$0.86</b>	<b>\$0.52</b>

**Village of Decatur**  
**Water - Sewer Discussion (Non-residential)**  
**Current Water - Sewer Rates 2021-2022**

		1300	469	851	441	594	107	198	
		Business	Business	Business	Business	Business	Business	Business	
	Gallons/Billed	30526	22034	53545	11165	12187	16745		
	Water Base	\$116.25	\$65.40	\$464.99	\$45.45	\$29.10	\$16.35	\$116.25	
	Sewer Base	\$104.16	\$58.60	\$416.65	\$40.73	\$26.08	\$14.65	\$104.16	
	Water Use	\$75.40	\$54.42	\$132.26	\$27.58	\$30.10	\$41.36	\$45.86	
	Sewer Use	\$46.40	\$33.49	\$81.39	\$16.97	\$18.52	\$25.45	\$28.22	
	<b>Total Water &amp; Sewer</b>	<b>\$342.21</b>	<b>\$211.91</b>	<b>\$1,095.29</b>	<b>\$130.73</b>	<b>\$103.80</b>	<b>\$97.81</b>	<b>\$294.49</b>	
<b>Year One - USDA Project 2022-2023</b>									
	35% increase year one	Water Base	\$156.94	\$88.29	\$627.74	\$61.36	\$39.29	\$22.07	\$156.94
	15% increase year one	Sewer Base	\$140.62	\$79.11	\$562.48	\$54.99	\$35.21	\$19.78	\$140.62
		Water Use	\$101.79	\$73.47	\$178.55	\$37.23	\$40.64	\$55.84	\$61.91
		Sewer Use	\$62.64	\$45.21	\$109.88	\$22.91	\$25.00	\$34.36	\$38.10
	<b>Total Water &amp; Sewer</b>	<b>\$461.98</b>	<b>\$286.08</b>	<b>\$1,478.64</b>	<b>\$176.49</b>	<b>\$140.13</b>	<b>\$132.04</b>	<b>\$397.56</b>	
	<b>Increase cost per month(YEAR ONE)</b>	<b>\$119.77</b>	<b>\$74.17</b>	<b>\$383.35</b>	<b>\$45.76</b>	<b>\$36.33</b>	<b>\$34.23</b>	<b>\$103.07</b>	
<b>Year Two - USDA Project 2023-2024</b>									
	1% increase year one	Water Base	\$158.51	\$89.17	\$634.01	\$61.97	\$39.68	\$22.29	\$158.51
	15% increase year one	Sewer Base	\$189.83	\$106.80	\$759.34	\$74.23	\$47.53	\$26.70	\$189.83
		Water Use	\$102.81	\$74.20	\$180.34	\$37.61	\$41.04	\$56.39	\$62.53
		Sewer Use	\$63.27	\$45.66	\$110.98	\$23.14	\$25.25	\$34.70	\$38.48
	<b>Total Water &amp; Sewer</b>	<b>\$514.41</b>	<b>\$315.84</b>	<b>\$1,684.67</b>	<b>\$196.95</b>	<b>\$153.50</b>	<b>\$140.09</b>	<b>\$449.35</b>	
	<b>Increase cost per month(YEAR TWO)</b>	<b>\$52.43</b>	<b>\$29.76</b>	<b>\$206.03</b>	<b>\$20.46</b>	<b>\$13.37</b>	<b>\$8.04</b>	<b>\$51.79</b>	
<b>Year Three - USDA Project 2024-2025</b>									
	1% increase year one	Water Base	\$160.09	\$90.06	\$640.35	\$62.59	\$40.07	\$22.52	\$160.09
	15% increase year one	Sewer Base	\$218.31	\$122.82	\$873.25	\$85.36	\$54.66	\$30.70	\$218.31
		Water Use	\$103.84	\$74.94	\$182.14	\$37.98	\$41.45	\$56.96	\$63.16
		Sewer Use	\$63.90	\$46.12	\$112.09	\$23.37	\$25.50	\$35.05	\$38.86
	<b>Total Water &amp; Sewer</b>	<b>\$546.13</b>	<b>\$333.95</b>	<b>\$1,807.83</b>	<b>\$209.31</b>	<b>\$161.69</b>	<b>\$145.23</b>	<b>\$480.42</b>	
	<b>Increase cost per month(YEAR THREE)</b>	<b>\$31.72</b>	<b>\$18.11</b>	<b>\$123.15</b>	<b>\$12.36</b>	<b>\$8.19</b>	<b>\$5.14</b>	<b>\$31.07</b>	
<b>Year Four - USDA Project 2025-2026</b>									
	1% increase year one	Water Base	\$161.69	\$90.97	\$646.76	\$63.22	\$40.48	\$22.74	\$161.69
	1% increase year one	Sewer Base	\$220.49	\$124.05	\$881.98	\$86.22	\$55.21	\$31.01	\$220.49
		Water Use	\$104.87	\$75.69	\$183.96	\$38.36	\$41.87	\$57.53	\$63.79
		Sewer Use	\$64.54	\$46.58	\$113.21	\$23.60	\$25.76	\$35.40	\$39.25
	<b>Total Water &amp; Sewer</b>	<b>\$551.59</b>	<b>\$337.29</b>	<b>\$1,825.90</b>	<b>\$211.40</b>	<b>\$163.31</b>	<b>\$146.68</b>	<b>\$485.22</b>	
	<b>Increase cost per month(YEAR FOUR)</b>	<b>\$5.46</b>	<b>\$3.34</b>	<b>\$18.08</b>	<b>\$2.09</b>	<b>\$1.62</b>	<b>\$1.45</b>	<b>\$4.80</b>	
<b>Year Four - USDA Project 2026-2027</b>									
	1% increase year one	Water Base	\$163.31	\$91.87	\$653.23	\$63.85	\$40.88	\$22.97	\$163.31
	1% increase year one	Sewer Base	\$222.69	\$125.29	\$890.80	\$87.08	\$55.76	\$31.32	\$222.69
		Water Use	\$105.92	\$76.45	\$185.80	\$38.74	\$42.28	\$58.10	\$64.42
		Sewer Use	\$65.18	\$47.05	\$114.34	\$23.84	\$26.02	\$35.75	\$39.64
	<b>Total Water &amp; Sewer</b>	<b>\$557.11</b>	<b>\$340.66</b>	<b>\$1,844.16</b>	<b>\$213.51</b>	<b>\$164.94</b>	<b>\$148.15</b>	<b>\$490.07</b>	
	<b>Increase cost per month(YEAR FIVE)</b>	<b>\$5.52</b>	<b>\$3.37</b>	<b>\$18.26</b>	<b>\$2.11</b>	<b>\$1.63</b>	<b>\$1.47</b>	<b>\$4.85</b>	