

BEAVER CREEK/GRAYLING TWP
Utility Authority
Minutes of Special Board Meeting,
March 12, 2026

Call to Order: Meeting called to order by Vice-Chair Robson at 10:00 a.m. at the Beaver Creek Township Hall.

Roll Call:

Board Members Present: Robson, Helsel, Hanson, Peacock, Lawe

Board Members Absent: None

Others in attendance: Alma, Polanic, Lang, Edwards, Stephan, VanNuck, Keipert

Approval of Agenda: Motion by Hanson, second by Helsel, **CARRIED** to approve the agenda.
Yeas: All.

Special Meeting Business:

MRWA Rate Study Review:

Jonathan Edwards, with Michigan Rural Water Association, reviewed the updated water and sewer rate studies for the BCGTUA. The studies analyze and project the rates that should be charged for both water and sewer services to remain financially solvent by taking into account operating expenses, equipment repair and replacement costs, and capital improvement needs, against projected future revenue. One sewer study and three separate water studies were completed. The sewer rate study focuses on current customers only, while the three water rate studies were based on the following: (1) current customers, (2) 200 new residential customers coming online in 2026, and (3) 800 new residential customers coming online after 2026.

Edwards stated that he used the current water meter size ratios (i.e. "Meter Equivalent Factor") in calculating Ready to Serve Fees in preparation of the current customer rate study, and used the "Square Inch Standard" (rather than the "AWWA Standard") for all other rate studies.

Edwards also stated that he used BCGTUA's lower range of gallons of water sold per year in preparation of all rate studies to create a higher probability that all operating costs would be covered by the proposed rates.

The water rate study focusing on BCGTUA's current customer base revealed that the current Water Ready to Serve Fees should be increased by 105.92%, while the current Water

Commodity Rate/1,000 gallons should be increased by 113.56%, to meet BCGTUA's projected future water operating costs and expenses.

The sewer rate study, focusing on BCGTUA's current customer base, revealed that the current Sewer Ready to Serve Fees should be increased by 14.53%, while the current Sewer Commodity Rate/1,000 gallons should be increased by 24.47%, to meet BCGTUA's projected future sewer operating costs and expenses.

The water rate studies analyzing the impact of future residential customers connecting to the water system revealed that, generally speaking, rates would still need to be increased; however, as more customers connect to the system, the lower the rates would need to be across the system for all customers.

Discussion regarding the fact that BCGTUA has not increased water or sewer rates since they were initially established in October of 2018.

Discussion regarding the cumulative rate of inflation from 2018 to 2026 was found to be 29% according to the U.S. Bureau of Labor Statistics.

Motion by Lawe, second by Hanson, **CARRIED** to increase the existing Water Commodity Rate of Tier 1 water usage for current customers by 29%, and to increase the existing Water Ready to Serve Fees for current customers by 29%, with said increases to be effective as of the next billing cycle. Roll call vote: All Yeas.

As a result, the water rates and fees for current customers are adjusted as follows:

- Water Commodity Rates:
 - Tier 1 water usage per 1,000 gallons: Increased from \$4.75/1,000 to \$6.13/1,000.
 - Tier 2 water usage per 1,000 gallons: No increase, to remain at \$9.50/1,000.
- Water Ready to Serve Fees:
 - 2" Meter: Increased from \$450/month to \$580/month.
 - 3" Meter: Increased from \$700/month to \$903/month.
 - 6" Meter: Increased from \$2,300/month to \$2,967/month.

The Board agrees that the water rates and fees established for new residential customers connecting to the system through Grayling Township's municipal water expansion project should remain unchanged for the time being, with said customer rate being a flat \$45/month, which includes 3,000 gallons, with additional water usage over 3,000 gallons/month being charged at the rate of \$9.50/1,000.

Discussion regarding the possibility of needing to make additional investments into the BCGTUA wastewater treatment system to properly handle wastewater coming from Arauco and Bakelite, and that the engineering firm of C2AE is planning to attend the March 16th Regular Board Meeting to present a proposal to the Board about wastewater system changes.

The Board agrees that it should wait before making any increases to sewer rates and fees until more info is gathered concerning the potential costs of any needed wastewater system improvements.

Motion by Robson, second by Hanson, **CARRIED** to have MRWA perform another water and sewer rate study for BCGTUA within 16 months. Yeas: All.

Miscellaneous: None.

Member Comments: None.

Public Comments: None.

Adjournment: 12:50 p.m.

Respectfully submitted,

Robert J. Lawe
Secretary