

## **Gull Lake Sewer & Water Authority**

7722 N. 37<sup>th</sup> Street  
Richland, Michigan 49083  
Phone: (269) 731-4595  
Fax: (269) 731-2596  
[www.glswa.org](http://www.glswa.org)

March 21, 2022

Attn: Gull Lake Sewer Authority Customers

Re: Update – Upcoming Sewer Rate Increases  
(Effective for bills rendered as of 3/31/2022)

Dear Authority Customer.

We are writing to announce a series of rate increases over the next 3 years:

- **Phase 1:** For bills after 3/31/2022: from \$30 per month to \$40 per month per home (unit) = \$120 per qtr
- **Phase 2:** For bills after 3/31/2023: from \$40 per month to \$43 per month per home (unit) = \$129 per qtr
- **Phase 3:** For bills after 3/31/2024: from \$43 per month to \$46 per month per home (unit) = \$138 per qtr

Grinder Pump Customers: The new rates eliminate the need to add \$8 per month to the above rate for pump replacement.

Commercial Accounts: Are most often a multiplier of the per unit costs above.

Regarding the Rate Increase: The primary drivers for the rate increase are (i) increasing costs (inflation) and (ii) increasing replacement (capital), and (iii) debt service.

Inflation:

- The above rate increases provide approximately 9.0% for Operations & Maintenance. 50.0% for Capital Improvements. And 41.0% for Debt Service (annually).
  - The City of Kalamazoo recently announced 5.40% annual increase for wastewater treatment in 2022. Roughly 40.0% of our annual cost is for wastewater treatment.


Replacement:

- The above rate increase provides approximately 2.40% of system replacement (annually).
  - The Authority recently completed a 3-year comprehensive Asset Management Plan under MDEQ guidelines and prepared a 20-year plan for replacing physical assets.
  - The Asset Management Plan document, while it will be annually reviewed and adjusted, sets out a 3.50% increase for inflation each year to finance \$2.014 million of capital improvements over the next 6 years.
  - Replacement increases allow us to keep pace with timely replacement of our system piping, lift stations, equipment, service vehicles and the like, and obviously, is intended to avoid any catastrophic environmental impacts from failures of our infrastructure.
  - Debt service on SCADA system and GapVax.

Additional information on the Authority, its operations and mission are contained on our website [www.glswwa.org](http://www.glswwa.org).

We thank you for your continued support as we celebrate our 39<sup>th</sup> consecutive year of wastewater collection and treatment services.

Respectfully,

  
John Crumb, Executive Director  
Gull Lake Sewer & Water Authority