RAFTELIS

City of Marquette

Water, Sewer and Stormwater Rate Update

September 12, 2022

Agenda

1. Municipal Utility Headwinds
2. Utility Financial Plans
3. Customer Bill Impacts
4. Customer Assistance Options
5. Additional Q&A

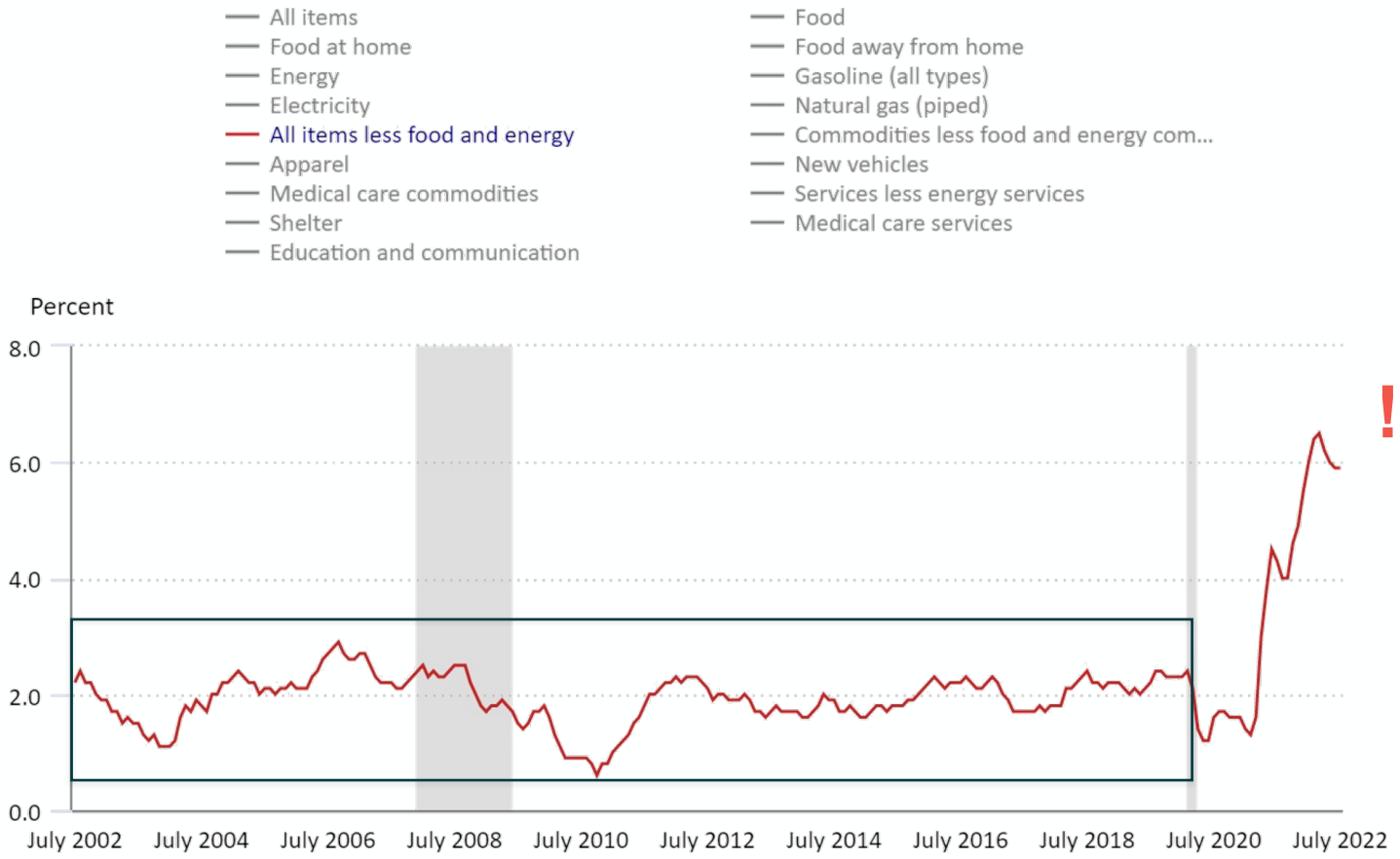
Municipal Utility Headwinds

- **Overall Inflation -> Rising Interest Rates**
- **Construction Costs/Supply Chain Issues/Labor Shortage**
- **Declining Per Capita Consumption**

Municipal Utility Headwinds

Overall Inflation

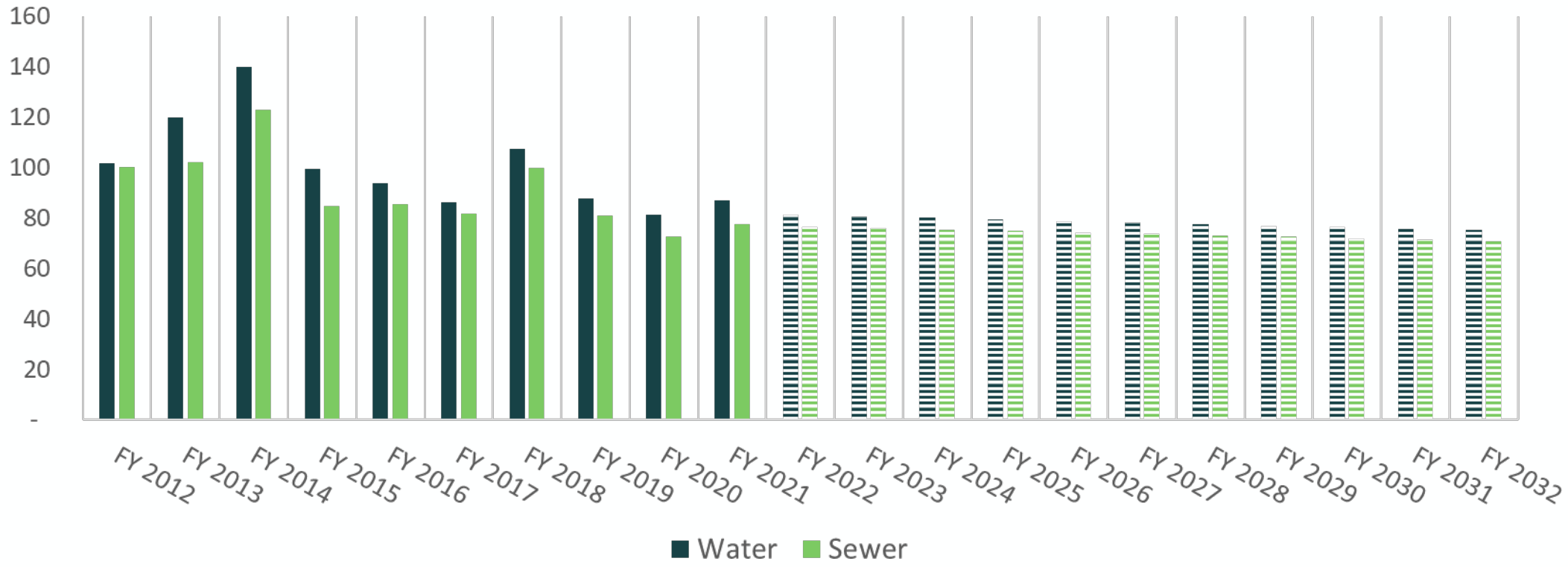
12-month percentage change, Consumer Price Index, selected categories, not seasonally adjusted



Hover over chart to view data.
Note: Shaded area represents recession, as determined by the National Bureau of Economic Research.
Source: U.S. Bureau of Labor Statistics.

Municipal Utility Headwinds

Declining Per Capita Consumption



Utility Financial Plans

Financial Planning Process

1. Forecast Revenue Under Existing Rates
2. Forecast Operating Expenditures
3. Forecast Capital Expenditures
4. Identify Adjustments to Revenue to Meet Financial Objectives:
   a) 90 Days (25%) of O&M and Debt Service in Reserves – Water and Sewer
   b) 60 Days (~16%) - Storm
   c) Increase Cash Funding of CIP

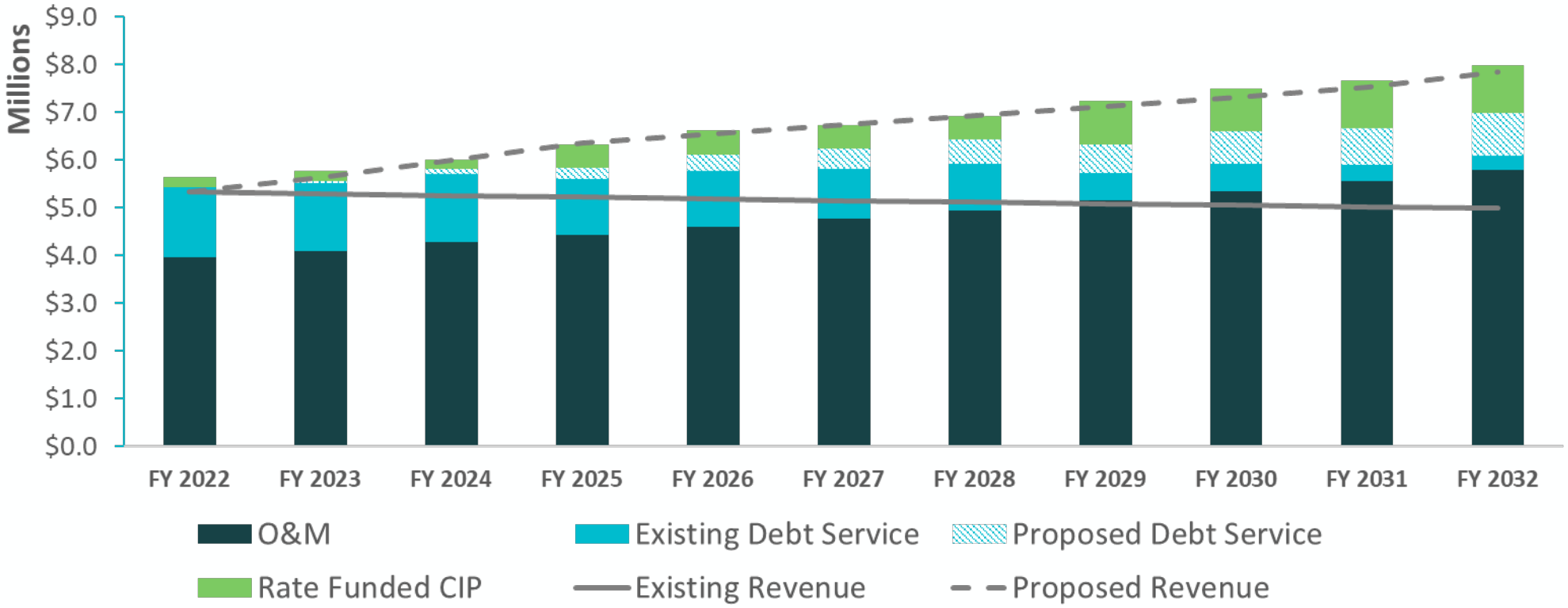
Utility Financial Plans

Overview

- Revenues
  - Minimal account growth
  - Declining Usage per Account
  - Lingering COVID Impacts
- Expenses
  - Operating
    - 2023 Budget
    - Inflation for 2024 and beyond
  - Capital
    - Minimal in 2022, 2023,
    - Resume 2024 – establish process for accessing SRF
    - Solids Handling Project @ WWTP (50% principal forgiveness)
    - Assumes DWRF for 2024 and beyond

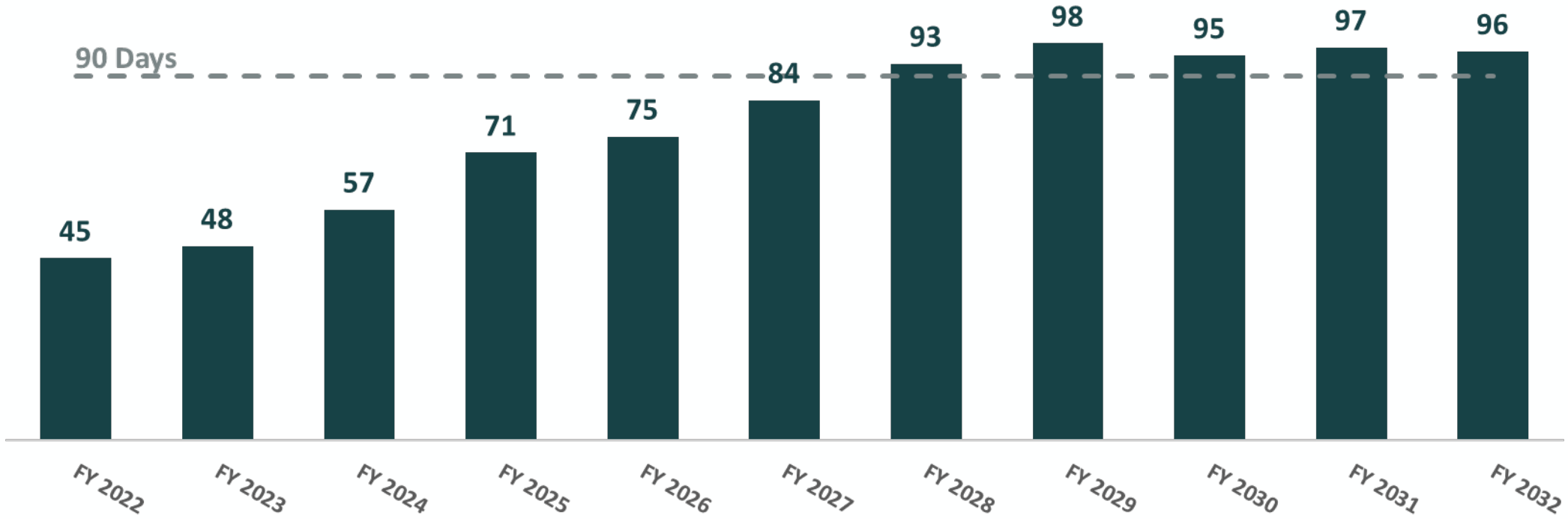
Utility Financial Plans

Water



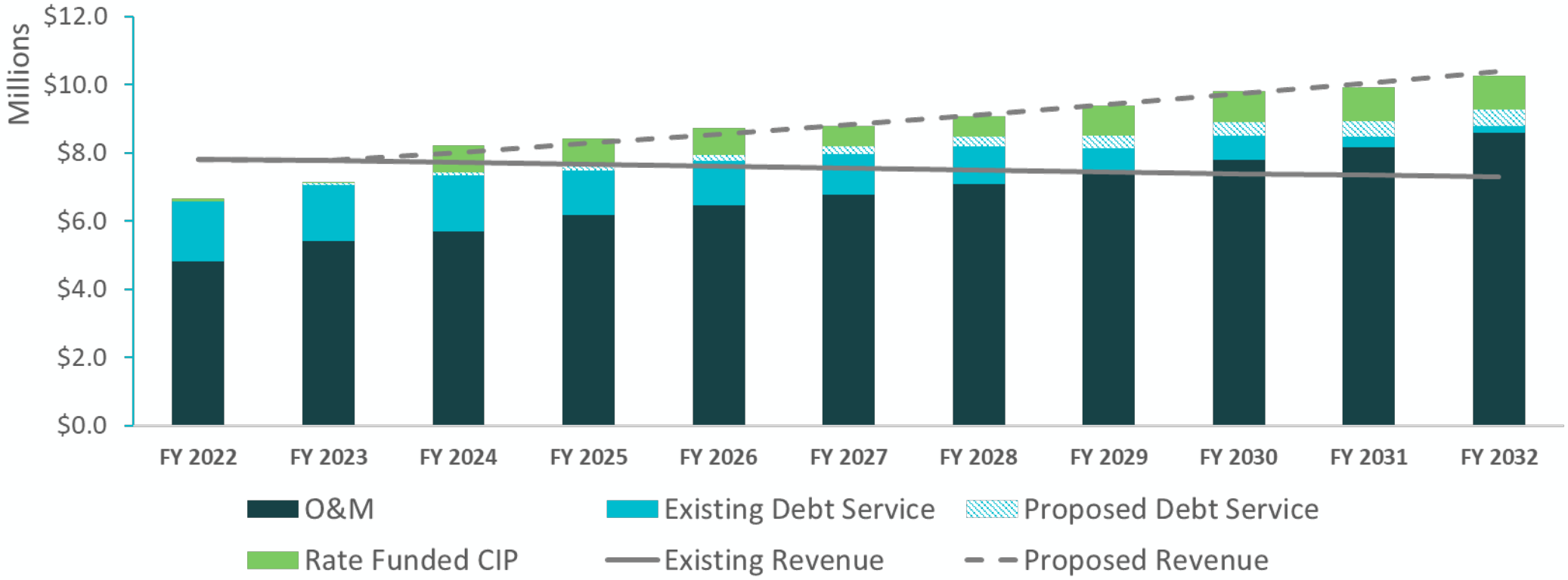
Utility Financial Plans

Water



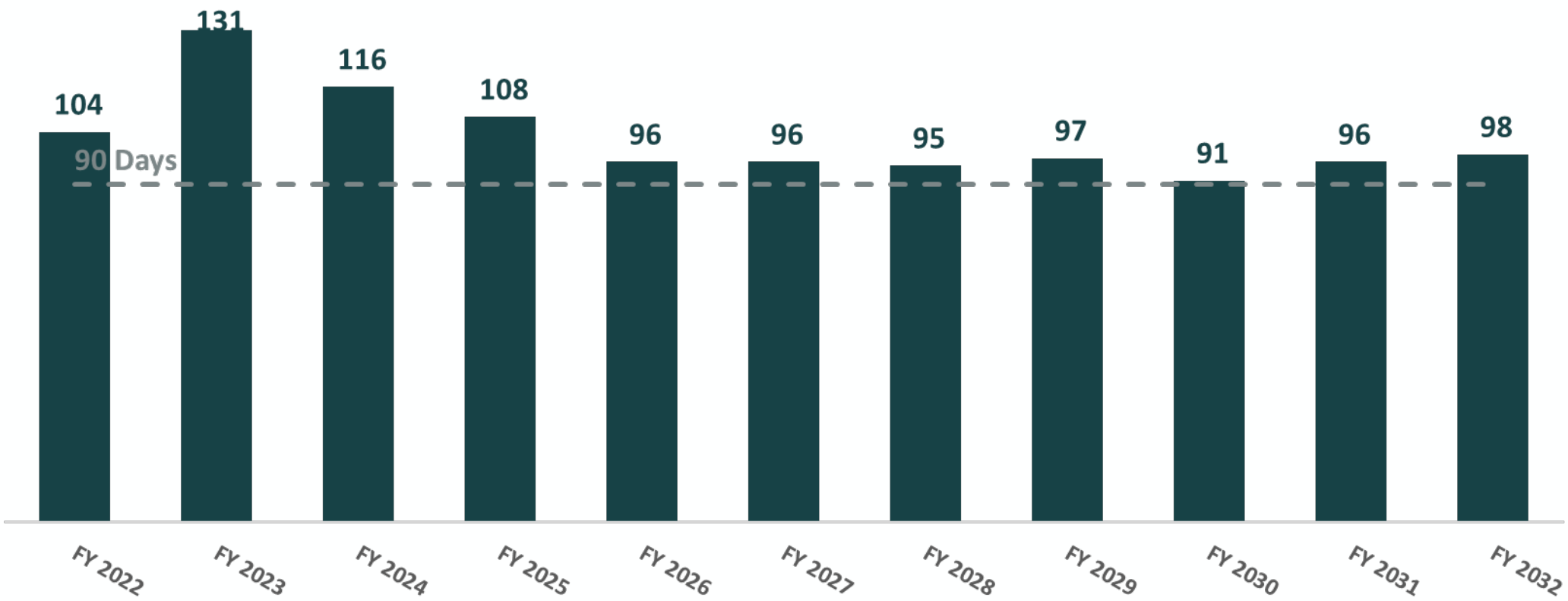
Utility Financial Plans

Sewer



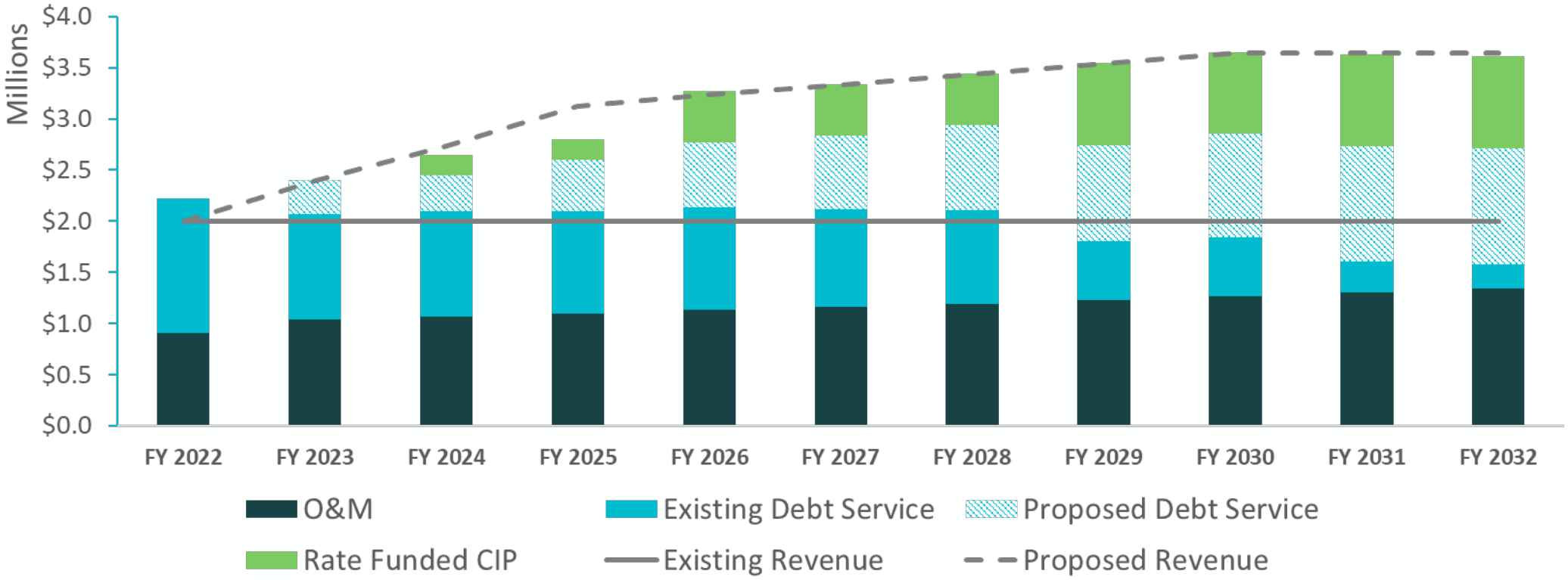
Utility Financial Plans

Sewer



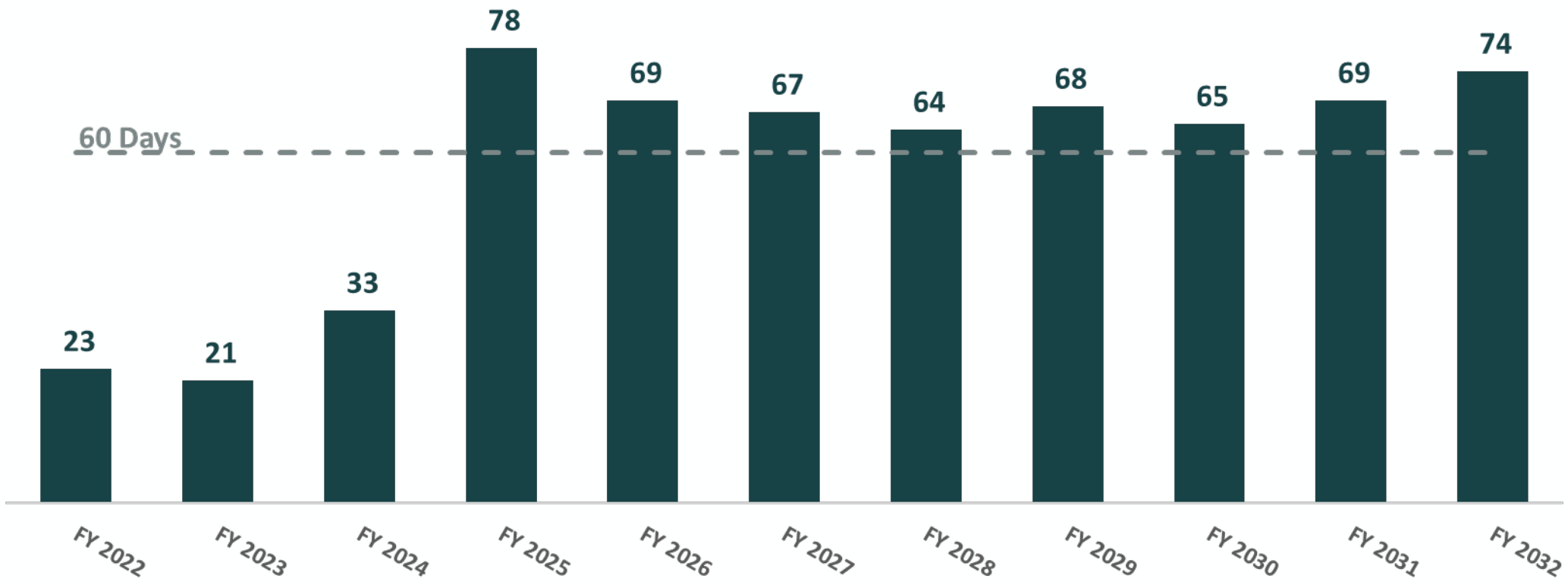
Utility Financial Plans

Stormwater



Utility Financial Plans

Stormwater



Utility Financial Plans

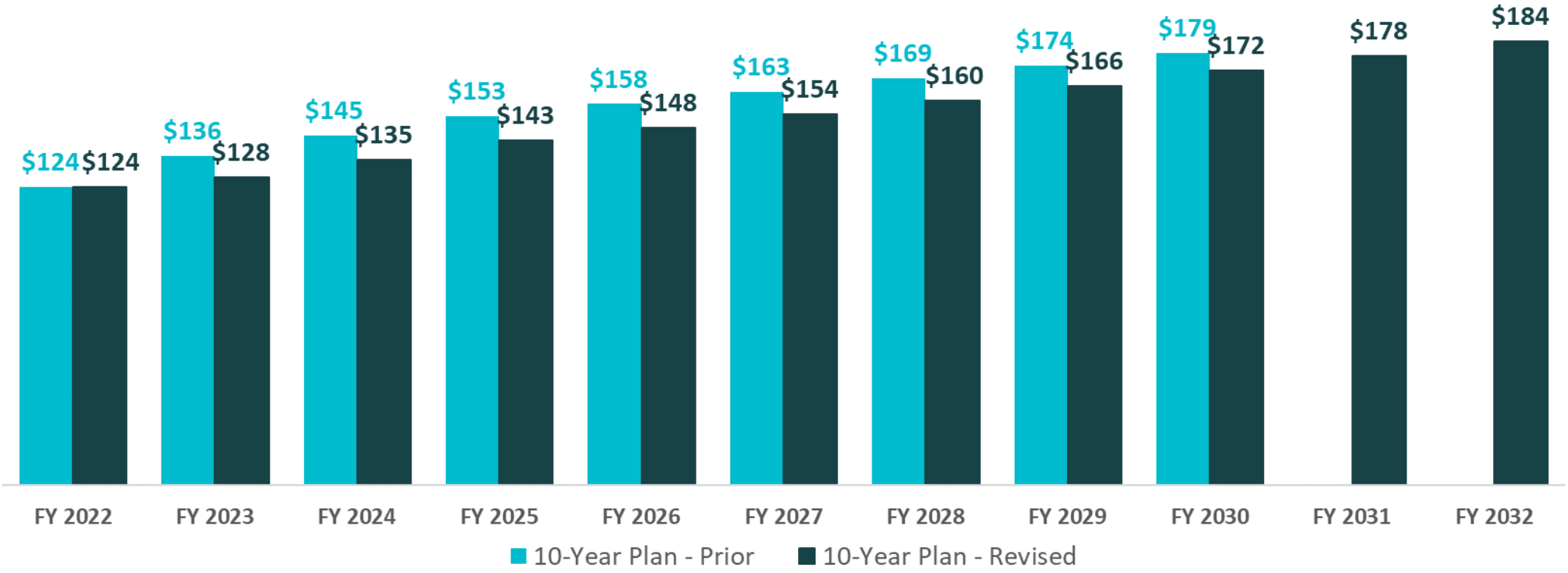
Summary of Proposed Revenue Adjustments

FYE 9/30	% Adjustment					$ Increase/Mo (4,000 Gallons, 5/8", 1/5 ac)				
	W	S	SW	Total	Prior Plan	W	S	SW	Total	Prior Plan
FY 2023	6.50%	0.00%	20.00%	**3.41%**	**10.37%**	$ 2.94	$ -	$ 1.27	**$ 4.21**	**$ 12.82**
FY 2024	7.00%	4.00%	14.25%	**5.74%**	**6.35%**	3.37	2.88	1.09	**7.34**	**8.66**
FY 2025	7.00%	4.00%	14.25%	**5.80%**	**5.55%**	3.61	3.00	1.24	**7.85**	**8.06**
FY 2026	3.50%	4.00%	3.50%	**3.77%**	**3.27%**	1.93	3.12	0.35	**5.40**	**5.01**
FY 2027	3.50%	4.00%	3.00%	**3.74%**	**3.28%**	2.00	3.24	0.31	**5.55**	**5.18**
FY 2028	3.50%	4.00%	3.00%	**3.74%**	**3.26%**	2.07	3.37	0.32	**5.76**	**5.33**
FY 2029	3.50%	4.00%	3.00%	**3.74%**	**3.15%**	2.14	3.51	0.33	**5.97**	**5.32**
FY 2030	3.50%	4.00%	3.00%	**3.74%**	**3.15%**	2.21	3.65	0.34	**6.20**	**5.49**
FY 2031	3.50%	4.00%	0.00%	**3.54%**		2.29	3.79	-	**6.09**	
FY 2032	3.50%	4.00%	0.00%	**3.55%**		2.37	3.94	-	**6.32**	
Cumulative Thru FY 2030				**39.04%**	**45.19%**				**$ 48.27**	**$ 55.86**

Description	$/Per	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32
Water												
5/8	Month	$ 10.31	$ 10.98	$ 11.75	$ 12.57	$ 13.01	$ 13.47	$ 13.94	$ 14.43	$ 14.93	$ 15.45	$ 15.99
3/4	Month	10.31	10.98	11.75	12.57	13.01	13.47	13.94	14.43	14.93	15.45	15.99
1	Month	19.26	20.51	21.95	23.48	24.31	25.16	26.04	26.95	27.89	28.87	29.88
1 1/2	Month	19.26	20.51	21.95	23.48	24.31	25.16	26.04	26.95	27.89	28.87	29.88
2	Month	53.26	56.72	60.69	64.94	67.21	69.57	72.00	74.52	77.13	79.83	82.62
3	Month	92.63	98.65	105.56	112.95	116.90	120.99	125.22	129.61	134.14	138.84	143.70
4	Month	137.36	146.29	156.53	167.49	173.35	179.41	185.69	192.19	198.92	205.88	213.09
6	Month	271.57	289.22	309.47	331.13	342.72	354.72	367.13	379.98	393.28	407.04	421.29
8	Month	361.05	384.52	411.43	440.23	455.64	471.59	488.10	505.18	522.86	541.16	560.10
10	Month	602.64	641.81	686.74	734.81	760.53	787.15	814.70	843.21	872.72	903.27	934.88
General	1,000 gal	8.73	9.30	9.95	10.64	11.02	11.40	11.80	12.21	12.64	13.08	13.54
Tax Exempt	1,000 gal	9.59	10.21	10.93	11.69	12.10	12.53	12.96	13.42	13.89	14.37	14.88
Sewer												
All Customers	Month	$ 11.65	$ 11.65	$ 12.12	$ 12.60	$ 13.10	$ 13.63	$ 14.17	$ 14.74	$ 15.33	$ 15.94	$ 16.58
All Customers	1,000 gal	15.10	15.10	15.70	16.33	16.99	17.66	18.37	19.11	19.87	20.67	21.49
Stormwater												
1/5 acre or less	Month	$ 6.35	$ 7.62	$ 8.71	$ 9.95	$ 10.29	$ 10.60	$ 10.92	$ 11.25	$ 11.59	$ 11.59	$ 11.59
1/5 to 1 acre	Month	10.79	12.95	14.79	16.90	17.49	18.02	18.56	19.11	19.69	19.69	19.69
1 - 2 acres	Month	17.15	20.58	23.51	26.86	27.80	28.64	29.50	30.38	31.29	31.29	31.29
2 - 6 acres	Month	32.68	39.22	44.80	51.19	52.98	54.57	56.21	57.89	59.63	59.63	59.63
Non-Residential	EHA	125.53	150.64	172.10	196.63	203.51	209.61	215.90	222.38	229.05	229.05	229.05

Customer Bill Impacts

Monthly Bill Impact – 5/8" Meter, 4,000 Gallons, 1/5 Acre



Customer Bill Impacts

Affordability Assessment – FY 2023 Proposed Rates

Metric	Census Tracts									Total City
	1	2	3	4	5	6	7	28.01	28.02	
Water and Sewer Bill (Monthly)	$110	$102	$97	$112	$83	$100	$92	$106	$105	$101
Water and Sewer Bill (Annual)	$1,326	$1,225	$1,167	$1,343	$1,001	$1,203	$1,106	$1,273	$1,260	$1,211
Households	862	988	902	842	64	1,264	1,752	1,115	596	8,385
20% of Households	172	198	180	168	13	253	350	223	119	1,677
Consumption/Acct	43	39	37	44	30	38	34	41	41	39
Median Household Income	$56,117	$49,679	$39,231	$57,500	$9,896	$36,145	$32,359	$71,146	$39,875	$42,746
Lowest 20% HH Income	$20,214	$23,938	$13,806	$32,531	$7,896	$13,960	$19,607	$25,922	$18,426	$18,391
Bill % of MHI	2.4%	2.5%	3.0%	2.3%	10.1%	3.3%	3.4%	1.8%	3.2%	2.8%
Bill % of Bottom 20%	6.6%	5.1%	8.5%	4.1%	12.7%	8.6%	5.6%	4.9%	6.8%	6.6%

Customer Assistance Options

- Michigan LIHWAP
  - Residential Accounts
  - In Arrears/Disconnected
  - >150% FPL or qualified for other assistance (e.g., SNAP)
  - Contact Utility Billing Department for Referral: 906-228-0420
- Leak Adjustment Policies
- Payment Plans

Q&A