

SOUTH HAVEN AREA WATER SEWER AUTHORITY

June 28, 2023

Dear Customer,

As you know, the South Haven Area Water-Sewer Authority has undertaken capital improvement projects to ensure we can meet the needs of our residential and business customers. While some of these improvements are mandated by the state, others are necessary to update and enhance our critical infrastructure.

I am pleased to share work continues to go well on our seven-year, \$44.1 million capital improvement plan despite the challenges of supply chain disruptions and inflation. Over the past three years, we have accomplished a lot, including replacing 160 lead service lines and continually investigating, verifying and inventorying service material. We are on pace to replace the 2,000 lead services over the next 20 years.

As a reminder, here are the projects underway as well as updates on how inflation is impacting some of them. Know we're working to leverage federal and local funding so we're not passing these costs on to our customers:

- An annual investment of \$700,000 for the next 17 years as part of our \$15.9 million commitment to meet copper and lead requirements under the Safe Water Drinking Act. I am again proud to report your drinking water contains **no traces of lead**, according to the most recent test results.
- Infrastructure improvements totaling \$15.6 million to replace and support a water storage tank that serves our 11,305 residential, business and school customers. This project cost has increased 47% since last year due to unforeseen challenges brought on by the pandemic, supply chain issues and contractor shortages.
- Equipment replacement and improvements for disinfection and biological treatments for our Wastewater Treatment Plant totaling \$7.28 million. I am delighted to share this project cost will be covered by federal grant and loan dollars, including \$3.65 million in ARPA funds as part of our State Revolving Fund application.
- Investment of \$1.5 million – a \$500,000 increase – to address high-water issues on Lake Michigan and ensure we maintain capacity and water quality at our Wastewater Treatment Plant. We are seeking state grant funding that, if awarded, would cover 80% of the total cost.

We also continue to service approximately \$41 million in debt for our water and sewer systems that will enable us to avoid a budget shortfall. These annual payments of \$620,000 will continue over the next 26 years.

We rely on the expertise of Utility Financial Solutions LLC to help guide our water and sewer rates to support these critical infrastructure upgrades. UFS has recommended rate changes to ensure we have the necessary income and operating reserves to continue to meet our capital needs while navigating construction cost increases up to 35% and maintaining our commitment to keeping rates as affordable as possible.

On June 27, the Authority approved a 4.5% rate increase for water and a 6.9% rate increase for sewer effective Aug. 7. The new water rate goes through 2026 while the sewer rate is through 2028.

SHAWSA remains committed to serving our community by providing safe, clean drinking water and reliable sewer services to residents and businesses. We are also committed to investing in the critical infrastructure our growing community needs to meet demand today and well into the future. If you have any questions, please feel free to contact me at bhunter@southhavenmi.gov or 269.637.0737.

Best regards,



William Hunter
Director, SHAWSA