

## Gull Lake Sewer & Water Authority

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January 18, 2010

Honorable Mayor Bobby Hopewell  
Kalamazoo City Commissioners  
241 W. South Street  
Kalamazoo, MI 49007

sent via email only

Re: Wastewater Rates Ordinance scheduled for adoption January 19, 2010

Dear Honorable Mayor and City Commission;

On behalf of the Gull Lake Sewer and Water Authority, we are writing to state for the record at the upcoming January 19<sup>th</sup> City Commission meeting -- our continued dissatisfaction with the lack of public involvement with the rate setting methodology for the wastewater (and water) system. As long-standing participants of the Wastewater Advisory Board (1988-1998), of the Regional Water and Wastewater Commission (1998-current) and of the newly formed City of Kalamazoo Utility Advisory Board, it is important to differentiate between public relations or public education as compared to public involvement.

Quoting from the AWWA Manual M1 of Water Supply Practices (referred to at the January 11<sup>th</sup> workshop as the "bible"), chapter 33 -- entitled Public Involvement Definition:

"Designing water rates through a structured public decision process contemplates an interactive exchange of ideas and information between utility decision-makers and public stakeholders. It further requires that involved stakeholders have the ability to meaningfully participate in the decision-making process. As such, public involvement is distinguished from public relations or public education efforts. Public relations and education largely involve one-way communications from the water utility to affected or interested members of the community, where public involvement requires two-way communications and interaction." (emphasis added)

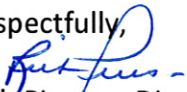
Regarding the wastewater strength issue and the increase in all user's wastewater rates except for industrial monitored customers, we respectfully submit to you that: (i) with the City of Kalamazoo's creation of its own Utility Advisory Board, (ii) with the **announcement** of the rates on December 3, 2009, (iii) with the ordinance(s) already prepared and ready for City Commission 1<sup>st</sup> reading on December 21<sup>st</sup>, (iv) with the City Commission utility rate workshop on January 11<sup>th</sup> for which we did not receive prior information, and (v) with the City not sharing the wastewater strength data it has gathered for the last 10 years from various municipalities, the City is practicing public relations and education, not public involvement as per the AWWA

guidelines, and as we believe, without meaningful public involvement as was intended within the 1988 and 1998 wastewater rate lawsuit settlements.

With respect to rates for municipalities (bulk rate), we have attached a summary sheet of wastewater rate impacts to the Gull Lake Sewer and Water Authority. We respectfully disagree that "reasonable" is the same as "affordable" or "inflationary-based" as was presented at the January 11<sup>th</sup> workshop by City staff and Mr. Foster. The Gull Lake Sewer and Water Authority cost of having wastewater treated at the City of Kalamazoo has increased 9.6% on average for each of the last 8 years (not including significant lookback impacts) and we are no longer being provided pertinent information relative to rates that allows us to make determinations on their reasonableness, on the correctness of the methodology, on the accuracy and allocation of the input data, and on the overall accuracy and application of the lookback calculations. The Authority's cost of treating wastewater has grown from 31% of our annual expenditures in 2000 to 48% in FYE 2009.

We respectfully ask that the rate model and its inputs be provided and that the City Commission postpone adoption of the wastewater rate ordinance until such time as the impacts of the strength and other rate model factors and allocations can be assimilated, understood and responded to by the Regional Commission's rate consultant. Postponement does not, in our opinion, negatively impact the City of Kalamazoo's utility financial solvency, as the wastewater lookback will ensure that each user class pays their respective fair share after the fact regardless of the date of enactment.

Respectfully,



Rich Pierson, Director

Gull Lake Sewer and Water Authority

Cc: Mr. Kenneth Collard, City Manager of Kalamazoo  
Mr. Scott Borling, City Clerk of Kalamazoo  
Gull Lake Sewer Authority Board  
Mr. Ken Sparks, Authority attorney  
Mr. Tim Hudson, Regional Commission Chairman  
Mr. Mark Beauchamp, Regional Commission rate consultant

Attch: Spreadsheet of rate impacts to Gull Lake Sewer Authority

