

Leland Township Supervisor

Susan Och

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Dear Leland Township Sewer User:

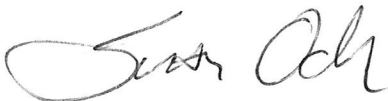
We are writing to inform you of an imminent rate increase for property owners of the Leland Township Sewer District. In your next bill, residential users will see a rate increase of \$53 per quarter for each sewer hookup. Commercial users will also see a proportional rise in rates.

This increase is necessary to offset the cost of two major repair projects. The first project, which was required by the DEQ to correct an unacceptable level of phosphorus that was being released into the drainfield at the plant, was accomplished at a cost of \$460,000 without any change in rates. Doing so left a minimum amount in our Sewer Improvement Fund. Now we find that the iron pipe under the Leland River, the main collection pipe, is 60 percent obstructed due to corrosion on the inside of the pipe. Replacing that pipe with modern plastic using a directional drilling technique is expected to cost \$288,000. Without the rate increase, our Sewer Improvement Fund would be drawn down to dangerous levels.

In June of 2010, after the initial construction bond for the sewer was paid off, the Leland Township Board voted to establish the Sewer Improvement Fund to save money to offset future repairs. At that time, with pressure from the public to avoid establishing a "slush fund," we estimated that the fund should be capped at \$110,000 and we lowered the sewer rates accordingly. Clearly, we were not realistic in our estimates; we should have anticipated the greater need for maintenance of a 25-year-old system. We now have to make up for lost time. The Leland Township Board will be reevaluating the rates annually and is pursuing a system-wide inspection to avoid future surprises.

We understand an increase to \$148 per quarter will put a strain on some budgets, but we see no other option. Even with the increase, our rates compare favorably to other communities.

Please don't hesitate to call or email me with your questions and concerns.



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