



**MILAN**

*Connect with what matters*

**OFFICE OF THE MAYOR**  
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Residents,

Your enclosed sewer, water and rubbish invoice reflects changes that will affect your payment. Your City Administration wants to help you understand the changes as these decisions were very difficult for your City Council to make but were absolutely necessary.

The City's sewer and water fund is a separate entity from the City's general operating fund. Revenues from the sewer and water billing specifically cover the expenses of the wastewater collection and processing as well as drinking water production and delivery. The wastewater component of the sewer and water fund is the more costly of the two departments to operate and maintain. Your billing will show the wastewater collection and processing as the largest portion of the total fee. For the average Milan consumer, wastewater collection and processing roughly equate to 53% of your quarterly bill, with rubbish collection at 25% and drinking water production and delivery at 22%. This is important because most people believe it's their water rates that have the biggest impact on their quarterly bill. This is not the case.

For several years, the City has not taken in enough revenue to cover the sewer and water operating expenses and, more importantly, the maintenance of the wastewater facility. The City of Milan needs to increase funding specifically for the sewer and water fund. The City needs to either sell more water and receive more sewage through increased development to increase revenues or increase billing to the current recipients of sewer and water services. Milan is growing at a slow and steady pace, but not fast enough to avoid raising the rates we charge for sewer and water services. More strategic growth is the key to helping spread these costs out to more users of our sewer and water systems; your Mayor and Council will be very focused on this over the next four years.

Our sewer and water fund has been underfunded for years: We must take action now. To remain in compliance with the State of Michigan, we are required to create a plan for eliminating the deficit in our sewer and water fund. We must present a written plan to the State which outlines how we will rebuild our sewer and water fund to a healthy financial position.

Sewer and water rates should be monitored and adjusted accordingly on an annual basis so we can make incremental increases that have a smaller financial impact on our residents. Milan has not raised sewer and water rates at a sufficient pace to keep up with the spending that has been implemented for facilities maintenance and water main projects throughout the City. The new rates reflected on your enclosed bill are a combination of increases for two fiscal years that were NOT gradually implemented.

The rubbish collection portion of the invoice will be seeing a small increase of \$2.00 per quarter. Unfortunately, inflation is real and fuel prices are a major component of rubbish pick up, as well as for our Department of Public Works, Fire Department and Police Department. We will continue to do our best to keep costs down for all resident services whenever possible, but we must adjust accordingly when the cost to provide a service increases.

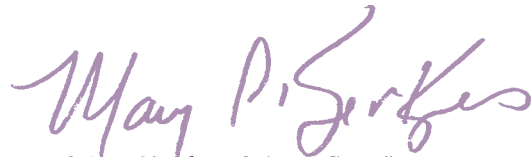
The City is not blind to the financial needs of our residents; we understand that our city is full of different households and budgets: young couples with children, Senior Citizens on fixed incomes, single-income households. All of us at the City, both Elected and Appointed, are here to assist our residents that may run into financial hardships to the best of our ability.

A benefit to making these changes now is that there will be long-term savings for the City. By taking action now to demonstrate we are actively working to improve our sewer and water fund, we can initiate a separate process to refinance our existing long-term debt. The refinancing of higher interest bonds to a lower interest rate could save the City of Milan an estimated \$1.7 million over the life of the debt. These kinds of long-term savings cannot be ignored and opportunities like this must be engaged. The long-term financial stability of Milan depends on your City Council making necessary, strategic decisions now for the successful management of our city in the years to come.

Financial transparency is our highest priority. Your Elected Officials will work diligently to make improvements to your community as we also work to keep our financial position healthy.



Edward J. Kolar, Mayor



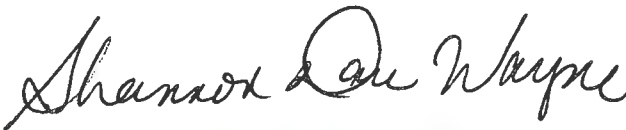
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Dave Baldwin, Councilperson



Jesse Nie, Councilperson



Dr. Shannon Dare Wayne, Councilperson



Christian Thompson, Councilperson



Josh Kofflin, Councilperson