

SHAWSA Rates & Fees

INFORMATIONAL MEETING

DECEMBER 8, 2025

SOUTH HAVEN AREA
WATER SEWER AUTHORITY



Purpose

Now is a Time of Significant System Investment

State of Michigan Requirements

Multi-Year Rate Stability Plan

Transparency and a Better Understanding of Rates and Fees

Resources for Future Reference



Overview

Part I - Infrastructure as Foundation of Community

- Why SHAWSA?
- Debt & Assets

Part II - Understanding Rates & Fees

- Cost of New Connections
- Your Monthly Bill

Part III – What You Pay For

- Operations & Ongoing Investments
- Key Points on System Funding and Rate Setting



Infrastructure Origins

1890 – **Downtown Fires** (Cisterns)

1892 – **Water Works**/Storage Tower

1895 – Start of Electric Utility,
Generation Plant Built

1896 – **Original Sewer Records**
“Village of South Haven”

1902 – South Haven Becomes a City
First Brick Paved Streets

1913 – First Michigan Laws Regulating
Water & **Sewer** Systems

Dates from Various Sources including <https://www.southhaven.org/resources/area-information-history/>

SEWER RECORD
VILLAGE OF
SOUTH HAVEN

MICH.

1896.

Geo. S. Pierson
Engr.

E. Nicholson
Constructing Engr.

1897

Geo. C. Monroe
Constructing Engineer

1898-9

M. C. Taft.
Constructing Engineer

Historic Investments and Changes

1932 - **Wastewater Treatment Plant (WWTP)**

US-31/Blue Star Hwy opens

1951 – **Water Plant & Lake Michigan Intake**

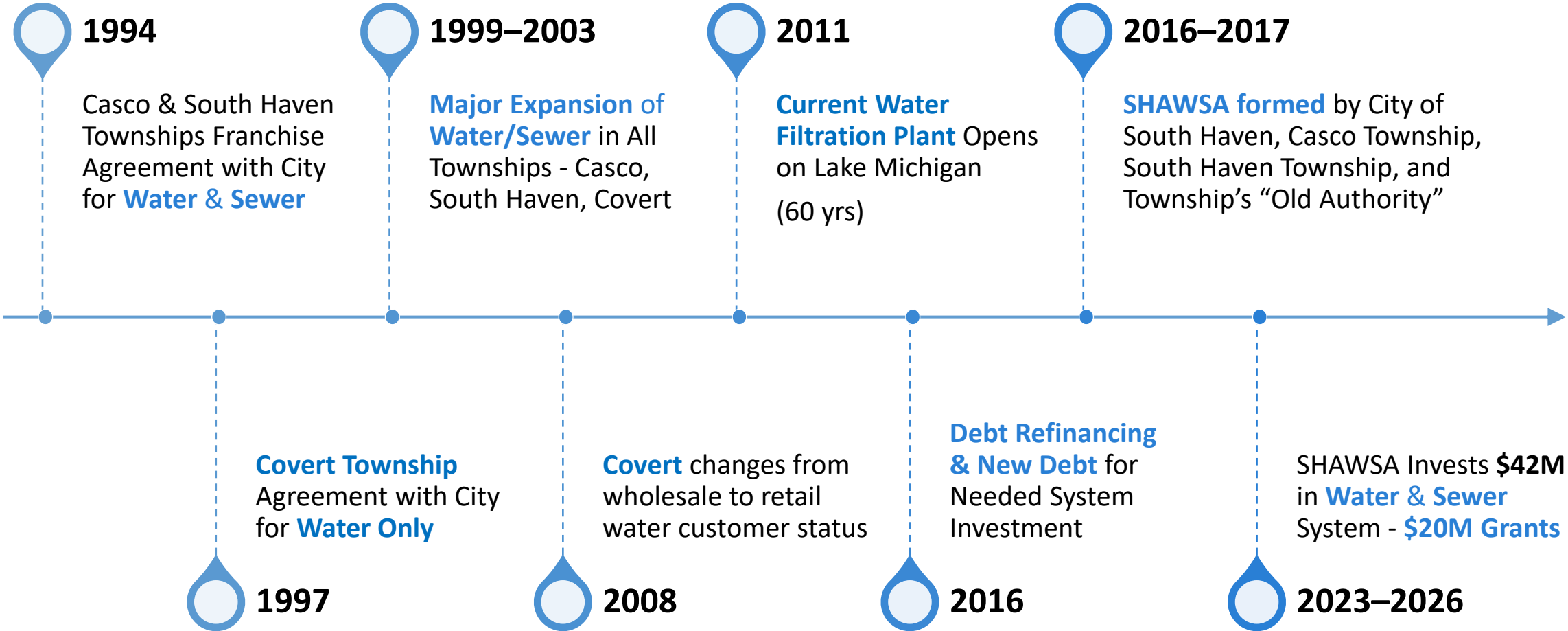
1961 - Electric Generation Plant Retired (66 yrs)

1963 - Major **WWTP Renovations** (31 yrs)

Interstate I-196 construction

1980's – Casco & South Haven Townships form
a **Water & Sewerage Treatment Authority**

Collaborative Modern Utility Era



An aerial photograph of a waterfront community. In the foreground, there's a large, circular, reddish-brown structure, possibly a water tower or a large storage tank, surrounded by some buildings and parking areas. To the right, a marina is filled with numerous boats docked along a long pier. The background shows a residential area with houses and lush green trees. The water is visible on the right side of the image.

Our Infrastructure...

Follows a predictable life-cycle. Essential assets can serve the community for decades, some for a century.

No asset - whether it be a pipe, pump, tower, or structure - will last forever.

Continuous “generational” stewardship is needed to maintain safe, reliable service, and fiscal stability.

SOUTH HAVEN AREA WATER SEWER AUTHORITY



Why SHAWSA?

The South Haven Area Water-Sewer Authority ("SHAWSA") is created for

the purposes of acquiring, owning, leasing, constructing, installing, operating, repairing, maintaining, replacing, improving, extending, enlarging and undertaking any and all other functions, powers and privileges regarding public water and sanitary sewer services in the City, South Haven Township and Casco Township.

*In recent years, the parties have concluded that coordinated, **collaborative management and control**, and, eventually, **common ownership** of the City Water System and City Sewer System and of the water distribution and sanitary sewer collection lines and facilities within their respective jurisdictions is in their respective best interests and will protect and enhance the public health, safety and general welfare.*



WORK TOGETHER

Governance

SHAWSA is a Self-Governed Public Body

- Collaborative Management and Control
- Common Ownership
- Cost-Effective Result

Shared Services

- *SHAWSA DOES NOT HAVE STAFF*, City Staff Support
- *SHAWSA DOES NOT SEND UTILITY BILLS*, City Handles Utility Billing
- O&M, Administration, Finance, Billing, and Customer Service

Current SHAWSA Board Members

DANA BURD – CITY
PUBLIC WORKS
DIRECTOR

BILL ROBERTS
(SECRETARY)

BRIAN SHEEHY

ALLAN OVERHISER
(CHAIR) – CASCO
TOWNSHIP
SUPERVISOR

RON WISE

ROSS STEIN – SOUTH
HAVEN TOWNSHIP
SUPERVISOR
(Not pictured)

7 Member Board

Appointed by Member Local Units
3 City, 2 Casco, 2 S.H. Township

AL DUBUISSON
(TREASURER)



Water Service Area
City of South Haven

Water Service Area

**SANITARY SEWER
SERVICE AREA**



Lake
Michigan

**COVERT TOWNSHIP
WATER SYSTEM**

7/30/2015

Unique: Service Area, System & Customers

190+ Miles Water Main
1,400+ Fire Hydrants
3,000+ Valves

100+ Miles Sewer
2,000+ Manholes

3 Elevated Storage Tanks
+ 1 Covert Tank
2 Booster Stations
Water Filtration Plant

30+ Lift Stations
Wastewater
Treatment Plant

SOUTH HAVEN AREA WATER SEWER AUTHORITY

Customer Accounts

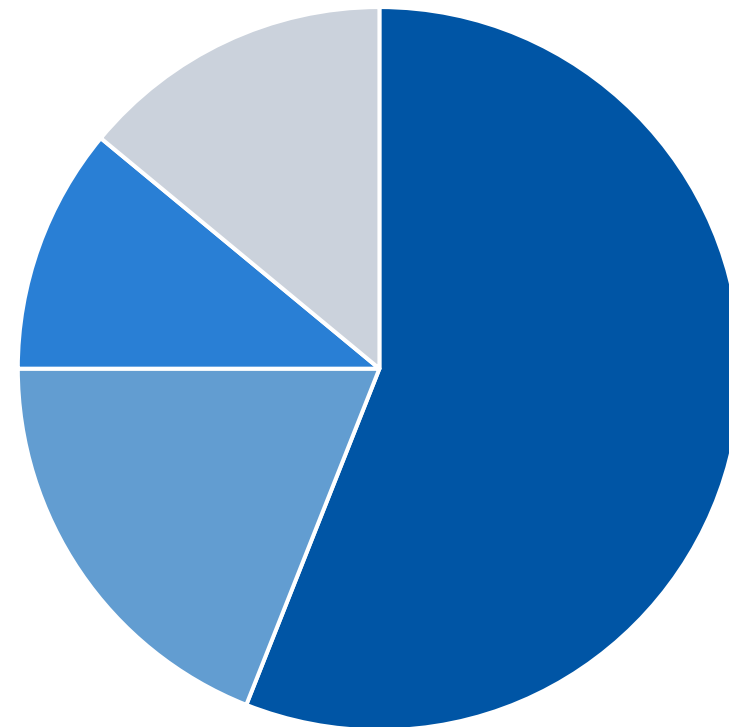
~ 5,900 Water

~ 4,100 Sewer

*System must be sized to serve up to
~70,000 people during peak times.*

*24/7/365 Means system must handle
Peak Day/Peak Hour scenarios.*

Water Account Distribution



■ CITY ■ S.H. TOWNSHIP ■ CASCO ■ COVERT

SOUTH HAVEN AREA

WATER SEWER AUTHORITY

2022 - Summary of Largest Water Users

Rank	Customer	Service Location	Percentage of FY22 Pumpage
1	WR Grace	1421 Kalamazoo Street	3.33%
2	City of South Haven	97 Water Street Splash Pad	1.13%
3	South Haven Health Care	850 Phillips Street	1.07%
4	Yes Communities	73100 CR 388 Water	0.98%
5	Briar Hills Apartments	1000 6th Avenue BHT Water	0.92%
6	City of South Haven	126 Dunkley Avenue Aeration	0.81%
7	City of South Haven	126 Dunkley Avenue Chlorine	0.65%
8	East Jordan Plastics Inc	1600 Stieve Drive	0.51%
9	Meijer	1223 Phoenix Street	0.50%
10	Clementines	504 Phoenix Street	0.45%
Total			10.36%



The system is supported equitably – by all customers.



WATER WORKS

If one "Utility" is owned
rent is 4 times amount
shown on dice.

If both "Utilities" are
owned rent is 10 times
amount shown on dice.

Mortgage Value \$75.

System Debt Obligations

WATER AND SEWER DEBT (pre-SHAWSA)

- \$30.4M = Balances as of 6/30/2025
- Debt Refinancing in 2016 saved \$\$\$
- Lasts until 2034 - 2049

NEW SHAWSA DEBT (Current Projects)

- \$22M in New Debt + **\$20M in Grants**
- Lasts until 2058 – 2065

Understanding rates means understanding debts and assets. Generational stewardship drives decision-making on investments.



Points On System Investment

- Customers must cover existing debt from prior investments.
- Decisions to take on generational debt are not made lightly. Low-interest loans help rate stability.
- Recent debt comes with \$20M in Grants for State Mandated improvements.

SHAWSA RATE STABILITY PLAN		
Effective Date	Sewer Rate	Water Rate
7/1/2025	6.9%	4.5%
7/1/2026	6.9%	2.9%
7/1/2027	6.9%	2.9%
7/1/2028	2.9%	2.9%
7/1/2029	2.9%	2.9%

*Average Customer Increase (2025):
\$2.80/m water (4,500 gallons)
\$5.00/m sewer (3,750 gallons)*

Fiscal Responsibility

1. Rates set on Cost-of-Service Basis
2. Key Factors in Rate Setting
 - Debt Coverage Ratio
 - Minimum Cash Reserves
 - Optimal Operating Income
3. Continuous Stewardship and Capital Investment
4. Predictable and Stable Rate Structure
 - The Goal is to avoid sudden spikes and make rates predictable.

An aerial photograph of a waterfront community. In the foreground, there's a marina with several boats docked along a paved area. To the left, there are some industrial or utility structures, possibly related to water treatment. The background is filled with lush green trees and residential houses, some of which are built on a slight rise. The water is calm, reflecting the surrounding greenery.

Why SHAWSA?

Created to work together on a unique & essential water & sewer system – cost-effective model.

Formation merged debts/assets and regionalized operations, governance, and ownership.

Fiscal responsibility to set rates and fees on a Cost-of-Service basis.

Stewardship responsibility for Capital Investments to meet community needs.

A photograph of two construction workers in a trench installing large pipes. The workers are wearing high-visibility yellow shirts and white hard hats. They are working with large concrete pipes that are being laid in a trench filled with gravel. The background shows more of the trench and some construction equipment.

Part II – Understanding Rates & Fees

Cost of New Connections
Your Monthly Bill



Breaking It Down

1. New Connections = Upfront Fees & Expenses
 - A. Buy-in Fees – related to system infrastructure that provides service (capacity) – **fixed “Availability Fees” per REU and/or Acreage**
 - B. Construction Cost – the expense for physical service installation (pipe, meter, road patch, etc.) – **variable “Tap Charges”**
2. Your Monthly Bill = User Rates
 - A. Commodity (usage) Rates
 - B. Ready-to-Serve (system) Rates
 - C. Township Specific Rates

Cost Range of New Connections

Example 1.0 REU, Single-Family Home, 4 Bedrooms, 1 inch service, for both Water and Sewer, 1 acre.

* Cost could be as low as \$11,006 in the City if there are existing taps.

** Township could be as low as \$18,000 if 0.25 acre lot and existing taps

Construction (Tap Charge) may add \$11,000 - \$25,000.

	City	Township
Meter Deposit Fee	\$1,200	\$1,200
Inspection Fee (Water)	\$50	\$50
Inspection Fee (Sewer)	\$50	\$50
Water Plant Availability Fee	\$4,000	\$4,000
Water System Availability	\$1,750	\$0
Sewer System Availability	\$1,730	\$0
Sewer Plant Availability	\$2,226	\$0
Water Acreage (1 Acre)	\$0	\$2,280
Water REU (1 REU)	\$0	\$5,070
Sewer Acreage (1 Acre)	\$0	\$4,020
Sewer REU (1 REU)	\$0	\$5,930
Water Tap Charge	\$0 - \$5,000	\$0 - \$3,725
Sewer Tap Charge	\$0 - \$20,000	\$0 - \$20,000
Total Water & Sewer (low)	\$11,006*	\$22,600**
Total Water & Sewer (high)	\$36,006	\$46,325
Table does not include “private side” installation cost.		

New Connections – Availability Fees (All)

“Availability Fees” are fixed buy-in (capacity) fees related to system assets needed to treat and deliver water to your service location and return treated wastewater back to the environment.

Fees Paid by All Customers

Same for City, Casco, South Haven Township, Covert Township

- Meter Deposit Fee = \$1,200 for up to 1 inch, see schedule for >1 inch, cost of water meter, pit, service pipe
- Inspection Fees = \$50 water and \$50 sewer, cost to witness the service install and update records
- Water Plant Availability Fee = \$4,000/REU, related to Water Filtration Plant Cost (expenses/debt est. 2011)

These fees are paid directly to the City and are used to make debt payments and cover SHAWSA expenses.



New Connections – Availability Fees (City)

There are different **location specific** Availability Fees for City and Township customers broken down into system **asset categories**.

Location Specific “City” Fees

Paid by City Customers Only

- Water System Availability Fee = \$1,750/REU, Transmission Main
- Sewer System Availability Fee = \$1,730/REU, Transmission Sewer
- Sewer Plant Availability Fee = \$2,226/REU, Wastewater Treatment Plant

These fees are paid directly to the City and are used to make debt payments and cover SHAWSA expenses.



The City still owns assets and debt.

SHAWSA leases these assets, operates, and maintains them.

New Connections – Availability Fees (Township)

Location Specific “Township” Fees

Paid by Casco and South Haven Township Customers Only

- Permit Fees = \$40 water and \$40 sewer, administrative charge
- Water Acreage Fee = \$2,280/Acre, Transmission Main
- Water REU Fee = \$5,070/REU, Transmission Main
- Sewer Acreage Fee = \$4,020/Acre, Transmission Sewer
- Sewer REU Fee = \$5,930/REU, Transmission Sewer

These fees are paid directly to SHAWSA and are used to make debt payments and cover SHAWSA expenses.

Two components (Acreage and REU) are due to the rural nature of the service area and how prior special assessments apportioned cost. New connections are checked for prior Special Assessment District credit.

SHAWSA owns, operates, and maintains assets in these Townships.



New Connections – Covert Township

Location Specific “Covert” Fees (Water Only)

Paid by Covert Township Customers Only

- Water Tap Escrow = \$5,000 Escrow Deposit

This fee is paid directly to Covert Township to cover all expenses incurred by Covert for the application and installation of the water tap.

Covert Township Customers must also pay

- *Meter Deposit Fee = \$1,200 for up to 1 inch*
- *Inspection Fees = \$50 water*
- Water Plant Availability Fee = \$4,000/REU

These fees are paid directly to the City and are used to make debt payments and cover SHAWSA expenses.



What is an REU?

Residential Equivalent Unit

An REU factor is a way to apportion cost equitably among system users. 1 REU can be thought of as a typical home that is based on 250 gallons per day of usage.

A larger home (>4 Bedrooms) is calculated as >1 REU.

A Commercial Development is calculated even higher based on Occupation and Use.

SHAWSA uses a published REU schedule to calculate REU-based Fees on building size, occupation, and use.

Every connection has a minimum of 1.0 REU.

New Connections – Tap Charges

“Connection” or “Tap Charges” represent the expense to physically place the service line from the line/main in the street to the property right-of-way line.

City Sewer Tap and Water Tap Charges

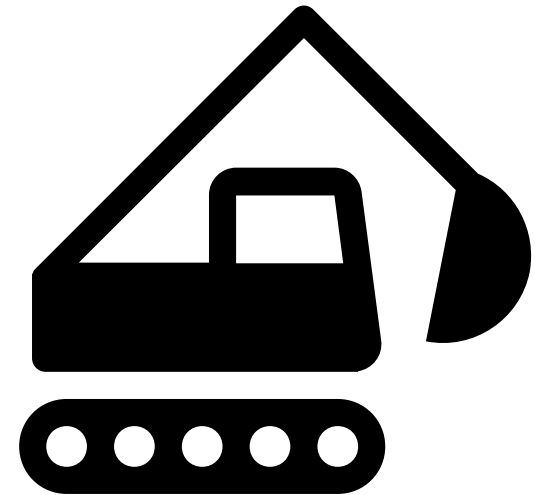
Paid by City Customers Only on a Time and Materials Basis (T&M)

- Water Tap Charge = T&M (\$3,000 - \$5,000)
- Sewer Tap Charge = T&M (\$8,000 - \$20,000)

Township Sewer Tap and Water Tap Charges

Paid by Casco and South Haven Township Customers Only

- Water Tap Charge = \$3,725, Flat Charge for 1 inch Water Service
- Sewer Tap Charge = T&M (\$8,000 - \$20,000)



New Connections – Tap Charges

Many projects in the City and Township installed taps and laterals to future customers property lines when the mains were built. In this case, Tap Charges may not apply.

☐ Yes

☐ No

☒ It Depends

New taps may be done by City Staff or Contractors, depending on the situation. Customers will either pay the City upfront or Contractor directly.

Customers must still pay a Contractor to install the “private side” of the service (from the property line/right-of-way to the home).

New Connection Summary

Example 1.0 REU, Single-Family Home, 4 Bedrooms, 1 inch service, for both Water and Sewer, 1 acre.

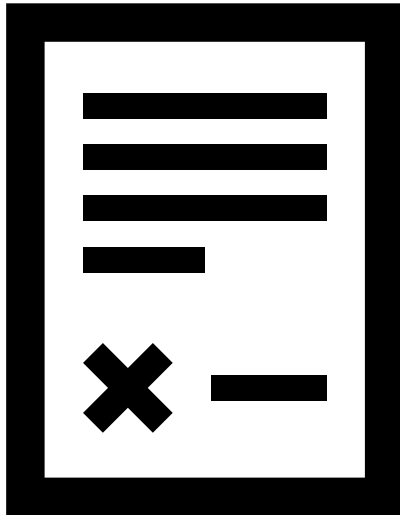
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Construction (Tap Charge) may add \$11,000 - \$25,000.

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New Connections - Customer Agreements



Availability and Connection Fee Installment Payment Agreement

- Allows deferred cost over 20 years at 6.5% interest, compounded annually to Residential Customers who pay on their tax bills.

REU Availability Fee Agreement - Commercial Letter Agreement

- Allows Commercial Customers a deferred upfront REU charge with agreement to set charges based on actual usage after 18 months of operation.

Indirect Connection

- If water/sewer infrastructure was built by a developer at their expense, and turned over to SHAWSA as a public facility, a 45% reduction in some upfront fees is granted.

License Agreement For Utility Service

- Allows a customer to run a service line down a right-of-way in locations where direct water/sewer frontage is not available (subject to review/approval in each jurisdiction).

An aerial photograph of a coastal residential area. In the foreground, there is a large, rectangular, light-colored structure, likely a wastewater treatment plant, with several circular tanks. To the right, a marina with many boats is visible. The background shows a dense residential neighborhood with houses and trees, situated along a body of water.

New Connections - Summary

New customers pay one-time charges when they connect to the system.

New customers benefit from infrastructure that was built before they arrived.

Availability Fees represent a reservation of capacity in all the major assets/debts in the system.

Tap Charges represent expenses for the physical construction of services.



Monthly Bill

Your Monthly Bill = User Rates

- Commodity (usage) Rates
- Ready-to-Serve (system) Rates
- Township Specific Rates

Recurring monthly charges sustain the day-to-day operations and maintenance of the system.

Utility Bills Mailed by the City may include:

Electric, Water, and Sewer

Some Township customers have Consumer's Energy for Electric and receive a separate bill.

In Covert Township, customers may receive a separate quarterly bill for sewer from Covert Township.

City of South Haven Utility Charge Descriptions

Comm Power Electric - Commercial Power Electric - This is the charge for metered electric usage by large commercial and industrial customers. The rate class has a lower per KWH charge but has higher fixed Demand Charges. The revenues from Commercial Power Electric usage help fund the operations of the Electric Utility.

Demand - Demand Charge - This is a charge on bills for Commercial and Industrial Customers with demand meters. The Demand Charge is based on the highest metered electric usage during the month. The Demand Charge helps offset the Demand Charges the City of South Haven receives from Pennsylvania, Jersey, Maryland Power Pool (PJM).

Electric Ready to Serve - This is a fixed charge placed on residential and commercial electric accounts. The Ready to Serve charge helps offset expenses the electric utility incurs whether electricity is being used or not.

Electric Usage - This is the charge for metered electric usage. The City of South Haven bills electricity in units of Kilowatt-hours (KWH). The revenues from electric usage help fund the operations of the Electric Utility.

Energy Cost Adjustment - This charge is a pass-through of fees charged by Pennsylvania, Jersey, Maryland Power Pool (PJM) to cover fluctuations in costs of fuel used to generate electricity and expenses related to the transmission of electricity.

Resi Sewer Usage - Residential Sewer Usage - This charge is based on metered water usage. The City of South Haven bills sewer in units of cubic feet. One cubic foot is approximately 7.48 gallons. The revenues from sewer usage help fund the operations of the Sewer Utility.

Sales Tax - This is the tax the State of Michigan charges on electric sales.

Sewer Ready to Serve - This is a fixed charge placed on all sewer accounts. The Ready to Serve charge helps offset expenses the sewer utility incurs whether the sanitary sewer system is being used or not.

Sewer Usage - This is charge for sewer usage for non-residential accounts. The revenues from sewer usage help fund the operations of the Sewer Utility.

Township Sewer Debt - This is a fixed charge the City of South Haven collects on behalf of SHAWSA from sewer customers in Casco and South Haven Townships. Questions regarding this charge should be directed to your township hall.

Township Sewer Operations & Maintenance - This is a fixed charge the City of South Haven collects on behalf of SHAWSA. It is based on the Residential Equivalent Units (REUs) of the connection.

Township Water Debt - This is a fixed charge the City of South Haven collects on behalf of SHAWSA from water customers in Casco and South Haven Townships. Questions regarding this charge should be directed to your township hall.

Township Water Operations & Maintenance - This is a fixed charge the City of South Haven collects on behalf of SHAWSA. It is based on the Residential Equivalent Units (REUs) of the connection.

Voluntary Green Pricing Program (VGP) - Customers can specify the percentage of electricity provided to the customer be generated from renewable energy. This is an additional charge per KWH added to the utility bill.

Water Ready to Serve - This is a fixed charge placed on all metered water accounts. The Ready to Serve charge helps offset expenses the water utility incurs whether water is being used or not.

Water Usage - This is the charge for metered water usage. The City of South Haven bills water in units of cubic feet. One cubic foot is approximately 7.48 gallons. The revenues from water usage help fund the operations of the Water Utility.

Electric LIEAF and EWR Rates are not shown in this example.

1 REU, 5/8"meter	City	South Haven Township	Casco Township
WATER (6 CCF)			
Usage \$3.98*6 CCF	\$23.88	\$23.88	\$23.88
Ready-to-Serve	\$45.00	\$40.50	\$40.50
Township Debt Service	\$ -	\$10.00	\$12.00
Township O&M	\$ -	\$2.50	\$2.50
SEWER (6 CCF)			
Usage \$6.77*6 CCF	\$40.62	\$40.62	\$40.62
Ready-to-Serve	\$46.50	\$32.44	\$32.44
Township Debt Service	\$ -	\$15.00	\$18.00
Township O&M	\$ -	\$2.50	\$2.50
TOTAL BILL	\$156.00	\$167.44	\$172.44

Monthly User Rates

Example Bill with average customer usage

Usage is billed in 100's of cubic feet per month (CCF). 4,500 gal/month = 6 CCF

Other rates are monthly fixed amounts.

Rates set on a Cost-of-Service Basis with goal of having a predictable and stable rate structure. In 2025, the SHAWSA Board approved a 5-year Rate Stability Plan toward inflationary adjustments.

Township Debt and O&M Rates have not changed since 2007.

A photograph of two construction workers in a trench, wearing hard hats and high-visibility vests, working on large concrete pipes. One worker is using a long-handled tool to work on a pipe joint. The trench is filled with gravel and there are various construction materials and tools scattered around.

Part III – What You Pay For

Operations & Ongoing Investment
Key Points on System Funding and Rate Setting

Water & Sewer Utility Management



WATER SUPPLY &
FILTRATION



WASTEWATER
TREATMENT



COMPLIANCE,
POLICY &
REPORTING



SYSTEM O&M
(REPORTING)



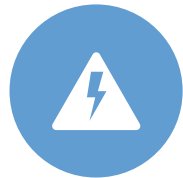
CAPITAL
CONSTRUCTION



OUTAGE
RESPONSE
(REPORTING)



24/7 ON-CALL



METERING &
LOCATING



SERVICE
CONNECTIONS



SERVICE LINE
INVENTORY

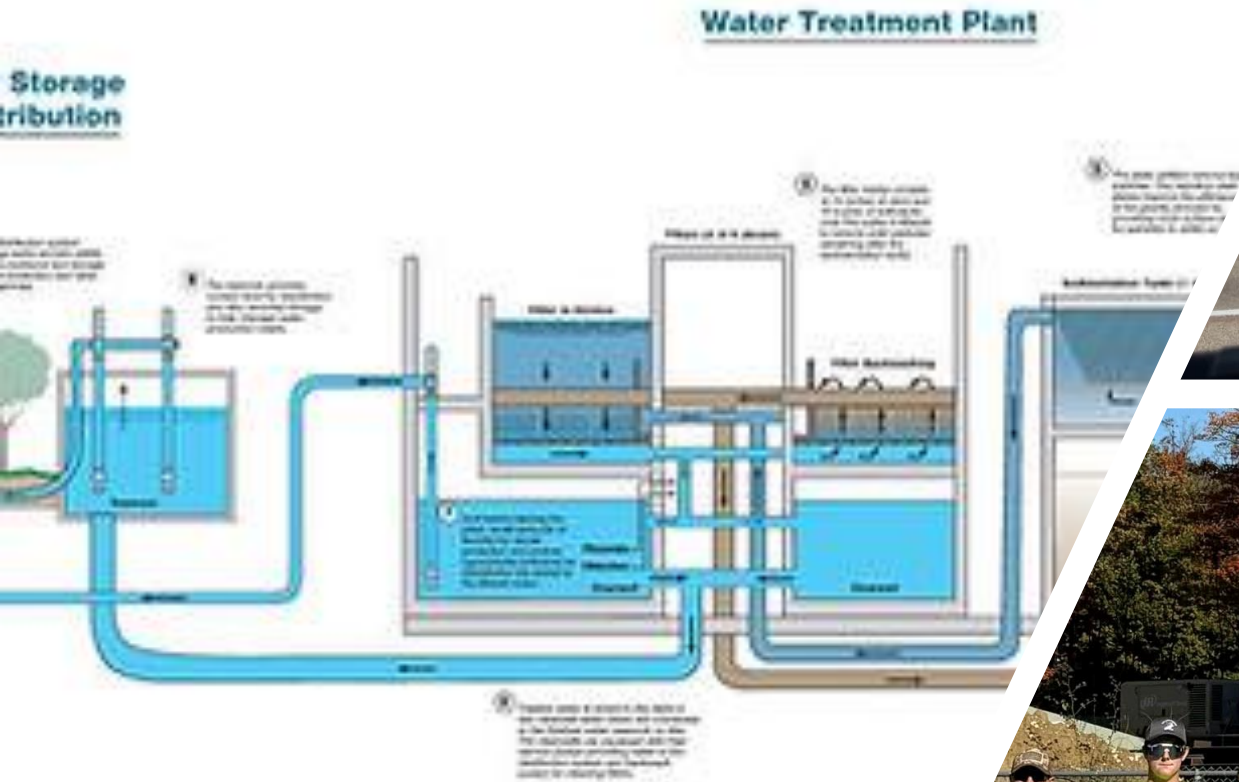


LEAD LINE
REPLACEMENTS



SAFETY

System Operations



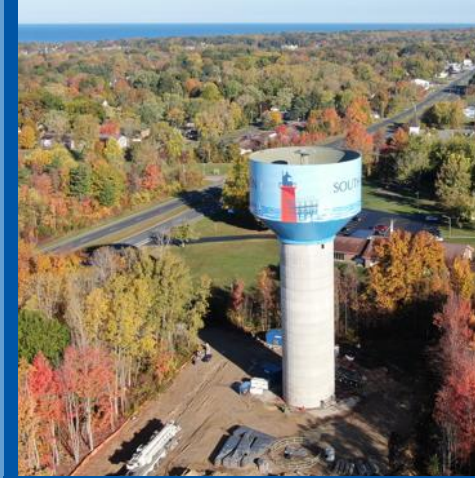
Ongoing WWTP Projects

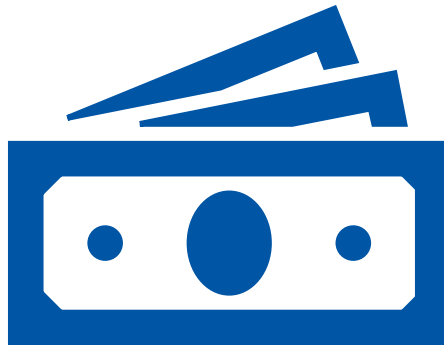
- \$3,650,000 American Rescue Plan (ARP) Grant
- \$5,828,000 State Revolving Fund (SRF) Low Interest Loan @ 1.875% 30 yr.
- \$1,500,000 State High Water Infrastructure Grant



Ongoing Water System Projects

- \$5,900,000 Bipartisan Infrastructure Law (BIL) Loan @ 2.0% 30 yr.
- \$5,700,000 BIL Grant as Principal Forgiveness
- \$9,100,000 American Rescue Plan (ARP) Grant
- \$10,100,000 USDA Rural Development Loan @ 2.125% 40 yr.





System Funding & Utility Rate Setting

1. Cost-of-Service Basis
2. Ability to work toward three factors:
 - Debt Coverage Ratio
 - Minimum Cash Reserves
 - Optimal Operating Income
3. Comprehensive Study with Expert Consultants
 - Utility Financial Solutions, LLC
 - Evaluate financial health, revenue/expense forecasting, debt, and capital investment timing



Every utility system has a unique geography, history, and customer base that supports the community.



Continuous investments must be made to maintain safe, reliable service, and fiscal stability because nothing lasts forever.



SHAWSA was formed to work together on collaborative management, common ownership, and a cost-effective shared services model.



Rates/Fees are set on Cost-of-Service Basis. SHAWSA's rate stability plan provides a predictable and stable rate structure.



Decision-making on system operation, assets, and debt must be made with generational stewardship in mind.

Thank you &
Time for Questions

Public Works

1199 8th Avenue

South Haven, MI

(269) 637-0737

Dana Burd, Public Works Director

Mike Dopp, City Engineer

DPW@southhavenmi.gov

Or visit

www.shawsa.org

www.southhavenmi.gov

