

Executive Summary

1.1 Community Background

The City of Hartford is located in Van Buren County, Michigan. It is 1.36 square miles and has a population of approximately 2,515. The water system services the City of Hartford residents and some residents of Hartford Township.

Source: City of Hartford

1.2 Objectives

To identify the revenue support and fund management needed to fulfill the City’s operations & maintenance, and capital improvements to the system while maintaining adequate cash reserves to be able to respond to unforeseen circumstances.

In addition to the included cash flow analysis and user rate projections, multiple project scenarios were discussed with the City Council related to the unfunded Lead & Copper Rule (“LCR”) compliance the City is currently analyzing. These project scenarios are not included in the analysis as the specifics related to the LCR compliance remain unknown at this time. The City Council has applied for funding (including potential grant funds) through the Drinking Water State Revolving Fund. At the time of this report, it was unknown whether the funding would be obtained or whether the projects would go forward in the foreseeable future.

1.3 Potential Rates

Based on our analysis and direction from City officials, Baker Tilly is recommending an increase of \$0.45 to the City’s Commodity Charge in fiscal years 2023/24 and 2024/25 with an inflationary increase of \$0.15 starting in 2025/26 and every year after. Baker Tilly is also recommending an increase of \$1.00 to the City's Service Ready Fee in fiscal years 2023/24 and 2024/25 with an inflationary increase of \$0.30 starting in 2025/26 and every year after.

TABLE 1-3: PROPOSED RATES SUMMARY

| Category | Current Rates | | Proposed Rates | |
|---|---------------|---------|----------------|---------|
| | 2022/23 | 2023/24 | 2023/24 | 2025/26 |
| Commodity Charge (per 1,000 gallons) | \$2.45 | \$2.90 | \$2.90 | \$3.05 |
| Service Ready Fee (monthly) | 5.92 | 6.92 | 6.92 | 7.22 |
| Water Improvement Project Fee (monthly) | 6.00 | 6.00 | 6.00 | 6.30 |