City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS

1000 Rochester Hills Dr.
Rochester Hills, MI 48309
248.656.4630
www.rochesterhills.org

Legislative File No: 2020-0174

TO: Mayor and City Council Members

FROM: Joe Snyder, Chief Financial Officer, x 2534

DATE: June 8, 2020

SUBJECT: Water & Sewer Rate Changes effective July 1, 2020 – Second Reading and Adoption to amend Ordinance Sections 54.741, 54.743, 54.744, and 54.745 of Article XII, Utilities, of Chapter 54, Fees of the Code of Ordinances of the City of Rochester Hills, to modify water and sewer rates and fees, repeal conflicting ordinances

REQUEST:

We are requesting that City Council accept, for second reading and adoption, an Ordinance to amend Sections 54.741, 54.743, 54.744, and 54.745 of Article XII, Utilities, of Chapter 54, Fees of the Code of Ordinances of the City of Rochester Hills, Oakland County Michigan, to modify the Water and Sanitary Sewer rates and fees and repeal conflicting ordinances as recommended by the Water Service Advisory Council (WSAC).

REASON FOR PURCHASE:

As required by Section 102-62 of the City of Rochester Hills Ordinance:

The rates fixed in this division shall be reviewed annually and are estimated to be sufficient to provide for the payment of the expenses of administration and operation, such expenses for maintenance of the water and sewage disposal system as are necessary to preserve the system in good repair and working order and to provide for such other expenditures and funds for the system as this article may require. Such rates may be revised by the city council when such action becomes necessary to provide sufficient funds.
(Ord. No. 507, § 1, 6-21-2006)

The WSAC met on May 6, 2020 to discuss scenarios for water and sanitary sewer rates based on notices received by water and sanitary sewer disposal service providers.

The WSAC supports the concept that expenses of the water and sanitary sewer system must be supported by revenue from the users of the system. The WSAC further supports the methodology for the calculation of water and sanitary sewer rates and charges that reflect the direct and indirect costs of the water and sanitary sewer system consistent with industry guidance to generate Water & Sanitary Sewer Fund revenues that meet respective system revenue requirements.

Based on their review and discussion, the WSAC made the recommendation to keep water and sanitary sewer commodity rates unchanged for the upcoming rate year.

The following are the changes proposed for the July 1, 2020 – June 30, 2021 rate year:

- *Customer Charge* is recommended at $5.80 per bill ($2.90 water and $2.90 sewer), an increase of $0.02 or 0.3%

- *Industrial Waste Control (IWC) charges* from GLWA continue to be a 'pass through' to Rochester Hills' industrial and commercial customers. GLWA adjustments to these charges are **increasing** by an average of **2.1%** as listed in the enclosed ordinance.

- *Pollutant Surcharges* from GLWA continue to be a 'pass through' to Rochester Hills' industrial and commercial customers. GLWA adjustments to these surcharges are **increasing** by an average of **2.2%** as listed in the enclosed ordinance.

- DPS annually reviews the meter, tap, hydrant, flow test, and City engineering fees. There are <u>no changes</u> being proposed with this request.

<u>BUDGET:</u>
The approval of the water and sanitary sewer rates effective on or about July 1, 2020 will assist with the objective of funding water & sanitary sewer system expenses, as required by Section 102-62 of the City of Rochester Hills Ordinance.

<u>RECOMMENDATION:</u>
We are requesting that City Council accept, for second reading and adoption, an Ordinance to amend Sections 54.741, 54.743, 54.744, and 54.745 of Article XII, Utilities, of Chapter 54, Fees of the Code of Ordinances of the City of Rochester Hills, Oakland County Michigan, to modify the Water and Sanitary Sewer rates and fees and repeal conflicting ordinances as recommended by the Water Service Advisory Council (WSAC).

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Chief Financial Officer		
Purchasing Process: Supervisor of Procurement		
Mayor		
Deputy Clerk		

Contract Reviewed by City Attorney   ☒ Yes   ☐ N/A