



City of Rochester Hills  
AGENDA SUMMARY  
FINANCIAL ITEMS

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Legislative File No: 2010-0464 vs. 2

**TO:** Mayor and City Council Members

**FROM:** Allan E. Schneck, Director, Department of Public Services

**DATE:** January 13, 2014

**SUBJECT:** Rochester Hills/DWSD Water Service Contract, Amendment No. 2  
City File Number E13-022

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**REQUEST:**

The Department of Public Services recommends that Amendment No. 2 of the Water Service Contract provided by the Detroit Water & Sewerage Department (DWSD) be accepted and that City Council authorize the Mayor and Clerk to execute the updated contract on behalf of the City.

**BACKGROUND:**

City representatives recently met with DWSD to discuss the terms and changes for the Rochester Hills Water Service Contract. The initial modern water service contract version was approved in July 2009. Language within the contract included re-opener provisions after two years of initial contract signing and a second re-opener three years later. Subsequent re-opener periods will occur at five year intervals thereafter. The proposed water contract amendment will cover a five-year period and will be in effect from 2014 through 2018 once both agencies formally approve it.

The combination of the Rochester Hills outdoor watering ordinance, the City water use educational campaign and the cooperation of Rochester Hills citizens and businesses, setting their programmable irrigation systems to operate between the hours of midnight to 6 a.m., has successfully resulted in Rochester Hills shifting its peak water from 7:00 a.m. to 4 and 5 a.m. since 2009. This success has directly contributed to reduced water rate increases from the DWSD due to a decreased peak hour water demand during DWSD's maximum day.

As part of finalizing the Exhibit B, Table 1 for the new contract, Rochester Hills was asked to determine an annual water usage. City engineering and fiscal staff reviewed historical and recent water usage trends and suggested that 370,000 units be assigned as a reasonable value for the annual volume during the next five years. The 370,000 unit value is reduced from 410,000 units included in the current water contract.

The new water contract Exhibit B, Table 2 amendment includes a maximum day value of 21.0 million gallons, a peak hourly value of 35.4 million gallons per day. Both of these proposed figures are less than the current contract's respective Exhibit B, Table 2 values of 23.8 and 37.4. The Exhibit B, Table 2 also includes two minimum pressure increases at two of the four DWSD main supply feeds. DWSD proposes to increase the minimum pressure at RC-01 to 90 psi from 87 and the minimum pressure at RC-04 to 65 psi from a previous value of 55 psi in the current contract.

DWSD has stated their concurrence with the Exhibit B values and have incorporated them into the proposed amendment that is attached for review/reference. As a result of the contract negotiations, it is expected that the water rate expense that Rochester Hills pays to DWSD in 2014 (before any annual DWSD rate adjustments) will remain approximately equal to the amount currently being charged.

**RECOMMENDATION:**

The Department of Public Services recommends that Amendment No. 2 of the Water Service Contract provided by the Detroit Water & Sewerage Department (DWSD) be accepted and that City Council authorize the Mayor and Clerk to execute the updated contract on behalf of the City.

Attachment(s): Rochester Hills Water Contract Am 2 2013.pdf  
 Amendment.No.One.pdf  
 DWSD.Contract.pdf

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