



**City of Rochester Hills
AGENDA SUMMARY
NON-FINANCIAL ITEMS**

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Legislative File No: 2006-0483

TO: Mayor and City Council Members
FROM: John D. Staran, City Attorney
DATE: April 19, 2007
SUBJECT: Resolution Concerning Detroit Model Water Contract

REQUEST:

City Council is asked to adopt the proposed Resolution providing input to Detroit Water & Sewerage Department requesting modification and expansion of pivotal terms in the proposed Model Water Contract.

BACKGROUND:

In anticipation of expiring municipal water contracts and proposed major capital improvements to the Detroit water system, the Detroit Water & Sewerage Department (DWSD) has developed a proposed Model Water Contract, with a 30-year term, that DWSD would like Rochester Hills and other municipal customers to approve. DWSD formed a Technical Advisory Contract Group (TAC) consisting of DWSD personnel and attorneys and representatives of some municipal customers to assist in the development of the agreement. Yet, issues and concerns over the terms of the proposed contract persist relating to the length of the term (i.e., 30 years), terms and penalties for early withdrawal or termination, transparency and rate-making (i.e., need clearer terms and more information concerning rate-making methodologies and capital expenditures), governance (i.e., desire for “greater voice” in DWSD governance), and other technical considerations to ensure water pressure commitments and problem resolution.

The Oakland County Drain Commissioner has provided an opportunity for municipal customers, through their attorneys, to share information and concerns about the proposed Model Contract, and the Drain Commissioner has urged municipalities to adopt the attached form of resolution (which we have modified slightly) to provide input to DWSD about the terms of the proposed Model Water Contract.

The proposed Model Water Contract would govern the terms and conditions of DWSD’s supply of water to the City of Rochester Hills for the next 30 years.

RECOMMENDATION:

It is recommended that the City Council adopt the proposed Resolution requesting revision and expansion of the terms of the proposed Model Water Contract to address the City’s concerns.

RESOLUTION

NEXT AGENDA ITEM

RETURN TO AGENDA

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Mayor		
City Council Liaison		

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