



Rochester Hills

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Referral Notice Financial Services Committee

To: City Council
From: Financial Services Committee
Date: Thursday, June 9, 2005

This Legislative File is being referred to you for your review, response and/or action.

2004-0122 Recommendation from Financial Services Committee regarding Water Reservoirs

Whereas, the Financial Services Committee has reviewed and studied all of the information regarding the construction of water reservoirs in the City;

Whereas, the Financial Services Committee sees the benefits of moving the Water Reservoirs Project forward;

Whereas, the Water Reservoirs Project is in the 2005 budget

Now There Be It Resolved, that the Financial Services Committee recommends City Council reaffirm its interest in moving forward with the Water Reservoir Project and request the Administration to move forward with requesting RFP's for the design phase of the Water Reservoirs.

NOTE: If there are any questions concerning this notice, please direct them to the City Council Liaison.

Instructions: Roger Rouse, DPW Director provided a brief update noting the following:

- * Four potential locations were identified based on grade lines
 - *Bloomer Park
 - *Parcel on John R that the OCDC owns
 - *Park property on Tienken west of Adams
 - *Park property City currently acquired - Adams Apple

 - * Two communication from DWSD received
 - *Approval of reservoirs based on the grade lines
 - *How the rates would be restructured if the City moves to reservoirs

 - * Two acres should be adequate, which includes an access road and perimeter fencing

 - * Change in thinking by DWSD regarding reservoirs and providing financial incentives.
 - *Prefer City builds the reservoirs so that the City will incur maintenance and capital improvement costs;
 - *Recommending reservoirs now because it serves as an alternative to DWSD having to make improvements to its system

 - * The report recommends two reservoirs - one (1) two-million gallon and one (1) three million gallon

 - * Benefits for DWSD to promote water storage:
 - *Demand on DWSD is increasing
 - *To meet demands, DWSD would have to improve their old infrastructure and construct and expanded system
 - *If a municipality constructs a system, it pays for DWSD to offer financial incentives to not have to incur these additional costs
 - *Cost incentives are a reducing usage during peak rates

 - * Other benefits the City would see:
 - * Water available for distribution or redirection if the system fails
 - * Second level back-up
 - * Maintaining pressure for fire protection

 - * There are two peak times - 4:00 AM to 8:30 AM and 3:30 PM to 8:00 PM
 - * As demand increases inlet pressure goes down because DWSD cannot meet demand
 - * Other weakness occurs when a fire occurs during peak time and it is combined with DWSD's inability to meet the demand

 - * Reviewed what occurs if there is negative pressure in the water main

 - * Next step is to request an RFP for design of the system

 - * Mayor is not in favor of reservoirs and feels staff should be working on other priorities
- Discussion commenced on how the committee should proceed to bring forward an RFP for the design of the reservoirs. It was noted
- * The reservoirs are in the 2005 budget
 - * The need has been established
 - * It is feasible to construct the reservoirs with a return on investment
 - * It solves some of the major concerns with the current system
 - * Construction cost is approximately \$6 million with \$2 million in contingencies and

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design

* \$1.4 million in savings possible each year

Paul Davis, City Engineer, stated that the current crisis in the City is the local roads and not the water system. He expressed concern with moving forward with this project because the perception amongst residents will be that the City has funds available and this could negatively impact what the City is trying to accomplish with road funding.

Ms. Hill stated that this project should move forward and that the City should put on hold a project that has nothing to financially do with another project. She further stated that the City needs to do a better job of communicating and educating the residents regarding these issues through clear and concise messages and better overall Public Relations.

Mr. Atkinson concurred that the City needs to move forward with this project.

Mr. Dalton stated that the water issues are related to health and safety issues as well as police and fire and that takes precedent over the road issue. He further reiterated that money from water and sewer cannot be used for road projects.

Ms. Hill stated that in addition to looking at the reservoirs, the Committee needs to look at the City's Water Usage Policy and how water is used in this community today and into the future. Discussion could include such things as progressive rates, area maintenance meters and long-term education on appropriate water usage.

Ms. Holder requested information from DWSD stating that they will reduce peak rates to help the project financially. Mr. Rouse indicated that the communication from DWSD has been provided in the packet.