



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

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Legislative File No: 2009-0244

TO: Mayor and City Council Members

FROM: Keith Sawdon, Director of Finance, Ext 2535

DATE: June 12, 2009

SUBJECT: Feasibility Study-Water Retention/Storage Structure

REQUEST:

The Water and Sewer Technical Review Committee is requesting City Council consider having a formal feasibility study conducted regarding the construction of a water retention/storage structure.

BACKGROUND:

The City purchases its water from the City of Detroit (DWSD), which in turn the City resells to its water customers. The rates charged to the City, by DWSD are based on the time of date the water is used by the City's water customers.

The DWSD has established two rates for water charges, a peak-hour rate and an off peak rate. Peak hour rates are higher than off peak rates. The W & T Committee believes the City should review the concept of the City buying water during off-peak periods, at reduced rates, and then releasing the water into the City's system during peak periods thus reducing the cost of purchased water, from DWSD, during peak periods.

The Water and Sewer Technical Review Committee believes that there may be an opportunity to save on our purchased water costs from DWSD and thus put the City in a position to pass those savings onto the City's water customers. The Committee is encouraging City Council to give the concept some consideration but only after a detail feasibility study is done.

In addition, the Water and Sewer Technical Review Committee believes a feasibility study needs to address all the issues related to this concept such as conservative estimates of: cost saving on water purchased from DWSD, cost to construct the structure including any land purchases that may be needed and any system improvements/upgrades needed to support water retention/storage, annual maintenance costs related to the storage structure, a time line that includes design, land purchase (if needed), construction and structure availability and any other items that may be needed to make a sound decision related to the use of a water retention/storage structure.

RECOMMENDATION:

The Water and Sewer Technical Review Committee recommends that City Council authorize a feasibility study, related to the use of a water retention/storage structure, in an amount not to exceed \$50,000.