

# Oak Park Water & Sewer Rates

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# Combined Rate Structure Justification

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- ❑ The City's combined water and sewer rate is devised to ensure that we are charging adequate rates to fund the maintenance and operation of the systems.
  
- ❑ In order to make sure the City is not charging inadequate rates, we hired a professional consulting firm that is the preeminent regional authority on rate structure.
  - ❑ The results of that study recommended a 7% combined rate increase for the first 3 years (through FY 2018-19)
  - ❑ The City only passed on a 4.25% rate increase in FY 2015-16, and a 5.97% rate increase in FY 2017-18. The proposed rate increase for FY 2018-19 was 4.5% followed by a 6.98% increase in FY 2019-20.
  - ❑ The proposed combined Water & Sewer rates would not be sufficient to cover projected operating, maintenance, replacement and debt cost.



# Combined Rate Structure Justification

- Based on the recommendation in the forecast and in conjunction with the assumptions used in the preparation of the 2018-19 Water & Sewer Fund budget a combined rate increase of 14.65% is effective July 1, 2018. Even with this rate increase the City is anticipating a negative net change in the Water & Sewer fund balance of (\$782,000.00).
  - The proposed combined Water & Sewer rates for FY 2019-20 and FY 2020-21 are tentatively scheduled for 7.57% (negative (\$28,000.00) net change in fund balance) and 7.7% (positive net change in fund balance of \$600,000.00) respectively.
  - **As an example, a minimum bill (0-5 Units of water) with the 14.65% water and sewer combined rate increase (as well as the solid waste increase) results in a \$12.37 increase:**

<u>2017-18 rates :</u>	Water	\$20.05	→	<u>2018-19 rates:</u>	Water	\$20.85
	Sewer	\$39.85			Sewer	\$47.90
	Meter	\$4.74			Meter	\$4.74
	G&R	\$35.20			G&R	\$38.72
	<b>Total</b>	<b>\$99.84</b>			<b>Total</b>	<b>\$112.22</b>



# What Comprises Your Rates?

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- ❑ Water usage/consumption
- ❑ Annual rate increases passed on to the City from the Great Lakes Water Authority (water) and Oakland County (sewer)
- ❑ Cost of administration, capital improvements, and maintenance for our system
- ❑ Cost to debt service our portion of the bonds issued for the Kuhn Drain project (mandated by Court Order)
- ❑ Water loss (i.e. water main breaks, leaks, fire hydrant usage, etc.)
- ❑ Water and Sewer Fund balance required for guarding against unforeseen circumstances, i.e., water main breaks, lawsuits, bankruptcies, etc.
- ❑ Solid Waste Fee (G&R)

# Water & Sewer Combined Rate Comparison



Comparison of SE Oakland County 2017 Water & Sewer rates:  
Avg. Cost based on 3,000 cu.ft/quarter



# Why are these Capital Improvement Projects Important?



Preventative maintenance of our infrastructure reduces the risk of catastrophic system failures.



Officials say Macomb County's massive sinkhole is expected to cost at least \$78 million but could exceed \$100 million to fix.

# Why Do We Have a Fund Balance in the Water and Sewer Fund?



By reinvesting in our infrastructure the City is doing what it can to guard against system failures, but water main breaks and catastrophic events are still possible. It is critical that the City has a fund balance to safeguard against unforeseen circumstances.

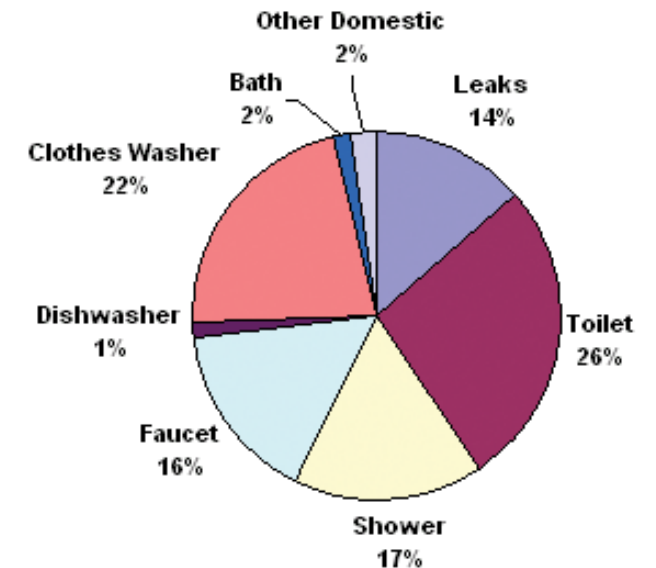


# How Can You Bring Down Your Cost at Home?



- ❑ **Check often for leaks.** Running toilets & dripping faucets can be costly! Catching a leak early can save you money!
  - ❑ For more information on how to check for leaks please visit the City's website at <http://bit.ly/ResidentialWaterConcerns> or visit the Water Division located at 14000 Oak Park Blvd, Oak Park, MI.
- ❑ **Shorten shower times and turn off water while brushing your teeth.** This can help lower your usage while also preserving water for our environment.
- ❑ **You can easily read your own meter and keep track of your water usage.** Call the Water Division for instructions at (248) 691-7470.
- ❑ **Turn off water when needed.** Shutoff valves are located near your water meter. They are easy to turn on and off if you have an emergency or need to make repairs. Call the Water Division at (248) 691-7470 if you have any questions.

## INDOOR WATER USE





# What is the City Doing To Help You Manage Your Costs?

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- ❑ Recently entered into WRAP (Water Residential Assistance Program), designed to assist qualifying low-income customers
- ❑ Provide information on several organizations that sometimes help with water bills
- ❑ Allow one late charge removal per calendar year
- ❑ Offer a payment plan
- ❑ Offer prepayment options. Instead of waiting for a three month bill, choose your own amount, send us a payment, and we'll apply it to your account. By the time your three month bill is issued, you will have already paid towards it!
- ❑ Residents can contact the Water Division and request assistance in checking for leaks at (248) 691-7470
  - ❑ Please note: DPW staff members are not authorized to perform any repairs on residential plumbing fixtures