



City of Rochester Hills  
AGENDA SUMMARY  
FINANCIAL ITEMS

1000 Rochester Hills Dr.  
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[www.rochesterhills.org](http://www.rochesterhills.org)

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Legislative File No: 2026-0244 (Version #2)

**TO:** Mayor and City Council Members

**FROM:** Joe Snyder, Chief Financial Officer, x 2534

**DATE:** June 22, 2026

**SUBJECT:** Water & Sewer Rate Changes effective July 1, 2026 – Second Reading to amend Ordinance Sections 54.741, 54.743, 54.744, 54.745, 54.746, 54.747, and 54.748 of Article XII, Utilities, of Chapter 54, Fees of the Code of Ordinances of the City of Rochester Hills, to modify water and sewer rates and fees, repeal conflicting ordinances

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**REQUEST:**

We are requesting that City Council accept, for Second Reading, an Ordinance to amend Sections 54.741, 54.743, 54.744, 54.745, 54.746, 54.747, and 54.748 of Article XII, Utilities, of Chapter 54, Fees of the Code of Ordinances of the City of Rochester Hills, Oakland County Michigan, to modify the Water and Sanitary Sewer rates and fees and repeal conflicting ordinances as recommended by the Water Service Advisory Council (WSAC).

**REASON FOR PURCHASE:**

As required by Section 102.62 of the City of Rochester Hills Ordinance:

*The rates fixed in this division shall be reviewed annually and are estimated to be sufficient to provide for the payment of the expenses of administration and operation, such expenses for maintenance of the water and sewage disposal system as are necessary to preserve the system in good repair and working order and to provide for such other expenditures and funds for the system as this article may require. Such rates may be revised by the City Council when such action becomes necessary to provide sufficient funds.*

*(Ord. No. 507, § 1, 6-21-2006)*

In January of 2026, the City of Rochester Hills selected Plante Moran to conduct a comprehensive Water & Sewer Study to review and ensure City water & sanitary sewer rates are set appropriately and to recommend established water & sewer rate setting best practices. City staff worked closely with Plante Moran during the Study, providing data and feedback throughout the review.

At the WSAC April 29, 2026 meeting, Plante Moran presented the rate setting recommendations and the WSAC discussed the various scenarios for water and sanitary sewer rates.

The WSAC supports the concept that expenses of the water and sanitary sewer system must be supported by revenue from the users of the system. The WSAC further supports the methodology for the calculation of water and sanitary sewer rates and charges that reflect the direct and indirect costs of the water and sanitary sewer system consistent with industry guidance to generate Water & Sanitary Sewer Fund revenues that meet respective system revenue requirements.

Based on their review and discussion, the WSAC made the following recommendation regarding water and sanitary sewer commodity rates for the upcoming 2026-2027 rate year.

The following are the changes proposed for the July 1, 2026 – June 30, 2027 rate year:

- **Water Commodity Rate** is recommended at \$8.23 per unit (100 cubic feet or 748 gallons)
  - Increase of +\$0.43 per unit or +5.5%.
  - Based upon Plante Moran W&S Rate Study
- **Water Ready to Serve Charge** is recommended at \$3.46 per bill
  - Increase of +\$0.40 per bill or +\$13.1%
  - Based upon Plante Moran W&S Rate Study
- **Sewer Commodity Rate** is recommended at \$7.27 per unit (100 cubic feet or 748 gallons)
  - Increase of +\$0.17 per unit or +2.4%
  - Based upon Plante Moran W&S Rate Study
- **Sewer Ready to Serve Charge** is recommended at \$2.93 per bill
  - Decrease of (\$0.13) per bill or (4.2%)
  - Based upon Plante Moran W&S Rate Study

City staff also conducted a survey of ten (10) different metro Detroit area municipalities regarding their water & sanitary sewer rate charges, capital charge, lateral charges, and tap charges.

- **Water Capital Charge** is recommended at \$1,500
  - Increase of +\$650 or +76%
  - Based upon mid-point of ten (10) community survey
- **Sewer Capital Charge** is recommended at \$2,000
  - Increase of +\$850 or +74%
  - Based upon mid-point of ten (10) community survey
- **Industrial Waste Control (IWC) charges** from GLWA continue to be a 'pass through' to Rochester Hills' industrial and commercial customers. GLWA adjustments to these charges are increasing by an average of +4.4% as listed in the enclosed ordinance.
- **Pollutant Surcharges** from GLWA continue to be a 'pass through' to Rochester Hills' industrial and commercial customers. GLWA adjustments to these surcharges are increasing by an average of +4.8% as listed in the enclosed ordinance.

**BUDGET:**

The approval of the water and sanitary sewer rates effective on or by July 1, 2026 will assist with the objective of funding water & sanitary sewer system expenses, as required by Section 102.62 of the City of Rochester Hills Ordinance.

**RECOMMENDATION:**

We are recommending that City Council accept, for Second Reading, an Ordinance to amend Sections 54.741, 54.743, 54.744, 54.745, 54.746, 54.747, and 54.748 of Article XII, Utilities, of Chapter 54, Fees of the Code of Ordinances of the City of Rochester Hills, Oakland County Michigan, to modify the Water and Sanitary Sewer rates and fees and repeal conflicting ordinances as recommended by the Water Service Advisory Council (WSAC).

<b>APPROVALS:</b>	<b>SIGNATURE</b>	<b>DATE</b>
Department Review		
Department Director		
Budget Content: Chief Financial Officer		
Purchasing Process: Supervisor of Procurement		
Mayor		
Deputy Clerk		

Contract Reviewed by City Attorney       Yes       N/A