



MEMORANDUM

TO: Lisa Nocerini, City Manager

FROM: Matt Smith, Treasurer

DATE: November 27, 2023

SUBJECT: Water Rate implementation

As required by the Michigan Department of Environment, Great Lakes, and Energy (EGLE), the City submitted a water system capital improvement plan (CIP). The CIP outlines the City's methodology to maintain the underground water system infrastructure. Underground water infrastructure items include water mains, valves, hydrants, etc.

The City worked with Prein & Newhof and Baker Tilly in the development of this plan. Prein and Newhof developed the water infrastructure CIP by reviewing water asset age, condition, material size, break history, and other factors. With that review completed, a list of capital improvement priorities and target completion dates were developed. A key component of a properly developed CIP is a funding source to accomplish the objectives of the plan. Using the capital improvement list, Baker Tilly has developed a funding methodology to finance the capital improvements.

Based on Baker Tilly's funding methodology I recommend Council approves resolution 35-2023 to implement a capital charge on the January water billing.