



**ANDERSON, ECKSTEIN & WESTRICK, INC.**

CIVIL ENGINEERS - SURVEYORS - ARCHITECTS

Shelby Township - Roseville - Livonia

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March 24, 2024

Frank Schulte, City Administrator  
 City of Grosse Pointe Woods  
 20025 Mack Plaza  
 Grosse Pointe Woods, MI 48236

**Reference: City of Grosse Pointe Woods  
 Proposed FY26 Water and Sanitary Sewer Rate  
 AEW Project No. 0160-0486**

Dear Mr. Schulte:

On March 20<sup>th</sup>, we met with your team to discuss options for the proposed FY26 Water and Sanitary Sewer Rates. During our meeting we discussed the following pass-through costs that will have an impact on the city's proposed water and sanitary sewer rates.

- GLWA Water Rates, 4.7% Increase
- SEMSD Sewer Rates, 8.3% Increase
- Water Sales Projection, 2.3% Decrease

During our meeting we presented the following two rate options for consideration.

- Option 1: No Change to Rates  
 The result of this option would produce a deficit of \$1,800,000. This option would have a major impact on the cash reserves and would require a large rate increase next year that would likely exceed 11%.
- Option 2: Increase to Commodity Rates by 8.7%  
 This option seeks to pass on the GLWA and SEMSD rate increases and considers the 2.3% reduction in water sales. The result would produce a deficit of \$1,150,000. Although this option would have an impact on the cash reserves, future increases are estimated to be less than 3% as shown in Table 2.

CITY OF GROSSE POINTE WOODS RATE CALCULATIONS FY2026											
	Revenue / Deficit	Add. Cost Per Month	Typical Res. Increase %	Meter Charge		Billing Charge		CIP Charge		Commodity Charge	
				Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer
Existing Fixed Fees	n/a	n/a	n/a	\$14.53	\$31.14	\$ 1.04	\$ 1.04	\$ 10.89	\$ 10.89	\$ 3.57	\$ 2.60
<b>Option 1: No Change to Rates</b>	<b>\$ (1,801,661)</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$14.53</b>	<b>\$31.14</b>	<b>\$ 1.04</b>	<b>\$ 1.04</b>	<b>\$ 10.89</b>	<b>\$ 10.89</b>	<b>\$ 3.57</b>	<b>\$ 2.60</b>
<b>Option 2: Increase to Comm.</b>	<b>\$ (1,149,296)</b>	<b>\$ 5.94</b>	<b>8.7%</b>	<b>\$14.53</b>	<b>\$31.14</b>	<b>\$ 1.04</b>	<b>\$ 1.04</b>	<b>\$ 10.89</b>	<b>\$ 10.89</b>	<b>\$ 4.20</b>	<b>\$ 3.06</b>

Based on the proposed city budget, the increased pass-through cost from GLWA and SEMSD and the projected decrease in water sales, **we are recommending that city council adopt Option 2.** If adopted, the typical residential user<sup>1</sup> would incur a monthly increase of \$5.94 in FY26 as shown in Table 1.



Frank Schulte  
 March 24, 2025  
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<b>TABLE 1</b>			
<b>CITY OF GROSSE POINTE WOODS</b>			
<b>EXISTING AND PROPOSED WATER &amp; SEWER RATE COMPARISON</b>			
<b>FY2026</b>			
<b>RATE CATEGORY</b>	<b>EXISTING RATE</b>	<b>PROPOSED RATE</b>	<b>PERCENT CHANGE</b>
<b>Meter Charge (2 Months) - Per Equivalent Meter <a href="#">Table 3</a></b>			
Water Total	\$14.53	\$14.53	
Sewer Total	\$31.14	\$31.14	
<b>Total Meter Charge</b>	<b>\$45.67</b>	<b>\$45.67</b>	
<b>Billing Charge (2 Months) -Per Account</b>			
Water Total	\$1.04	\$1.04	
Sewer Total	\$1.04	\$1.04	
<b>Total Billing Charge</b>	<b>\$2.08</b>	<b>\$2.08</b>	
<b>Capital Improvement Charge (2 Months) - Per Equiv Meter <a href="#">Table 2</a></b>			
Water Total	\$10.89	\$10.89	
Sewer Total	\$10.89	\$10.89	
<b>Total CIP Charge</b>	<b>\$21.78</b>	<b>\$21.78</b>	
<b>Commodity Charge - Water (Per CCF)</b>			
<b>Total Commodity Water</b>	<b>\$3.57</b>	<b>\$4.20</b>	
<b>Total Commodity Sewer</b>	<b>\$2.60</b>	<b>\$3.06</b>	
<b>Typical Costs With 10.9 CCF (8,000 gal) Use (2 Months)</b>	<b>\$136.78</b>	<b>\$148.66</b>	<b>8.7%</b>
<b>Cost Changes to Typical Residential User<sup>1</sup></b>		<b>\$ 5.94</b>	<b>Per Month</b>
<b>Industrial Waste Control Charges</b>	<b>Per GLWA Adopted Rates</b>		

<sup>1</sup>The Typical Residential Users has a 5/8" or 3/4" meter and uses 4,000 gallons per month

As you are aware, the last increases to the City of Grosse Pointe Woods water and sanitary rates occurred on July 1, 2017, for fiscal year 2018. Since this same period, GLWA has passed on a cumulative rate increase of 20.5% for water and 11.8% for sanitary sewer to its customers. In comparison, proposed Option 2 seeks an 8.7% rate increase.

Sincerely,

  
 Kyle M. Seidel, PE  
 Senior Project Manager

cc: Sue Como, Assistant City Administrator  
 Jim Kowalski, Director of Public Services  
 Steven Schmidt, Treasurer/Comptroller

Attachment: 5-Year Projection – Table 2, Rate Comparison – Table 3  
 M:\0160\0160-0486\Project Mgmt\Correspondence\2025 03 24 Rate Summary.docx

**TABLE 2  
CITY OF GROSSE POINTE WOODS  
UTILITY RATE PROJECTIONS  
FY2026**

FEE NAME	Proposed Rates		Projected Rates											
	FY26		FY27		FY28		FY29		FY30		FY31		FY32	
	WATER	SEWER	WATER	SEWER	WATER	SEWER	WATER	SEWER	WATER	SEWER	WATER	SEWER	WATER	SEWER
Estimated Number of Accounts	6,876	6,876	6,876	6,876	6,876	6,876	6,876	6,876	6,876	6,876	6,876	6,876	6,876	6,876
Estimated Number of Equivalent Meters Table 2	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400
Estimated Number of Equivalent Meters Table 3	9,071	9,071	9,071	9,071	9,071	9,071	9,071	9,071	9,071	9,071	9,071	9,071	9,071	9,071
<b>Meter Charge (2 Month) - Per Equivalent Meter Table 3</b>														
Total Calculated Fee	\$25.47	\$47.23	\$26.49	\$49.11	\$27.55	\$51.08	\$28.65	\$53.12	\$29.80	\$55.25	\$30.99	\$57.46	\$32.23	\$59.76
Miscellaneous Adjustment	-\$10.94	-\$16.09	-\$11.96	-\$17.97	-\$13.02	-\$19.94	-\$14.12	-\$21.98	-\$15.27	-\$24.11	-\$16.46	-\$26.32	-\$17.70	-\$28.62
<b>Meter Charge Recommend Fee</b>	<b>\$14.53</b>	<b>\$31.14</b>	<b>\$14.53</b>	<b>\$31.14</b>	<b>\$14.53</b>	<b>\$31.14</b>	<b>\$14.53</b>	<b>\$31.14</b>	<b>\$14.53</b>	<b>\$31.14</b>	<b>\$14.53</b>	<b>\$31.14</b>	<b>\$14.53</b>	<b>\$31.14</b>
<b>Billing Charge (2 Month) - Per Account Meter</b>														
Total Calculated Value	\$2.17	\$2.17	\$2.26	\$2.26	\$2.35	\$2.35	\$2.44	\$2.44	\$2.54	\$2.54	\$2.64	\$2.64	\$2.74	\$2.74
Miscellaneous Adjustment	-\$1.13	-\$1.13	-\$1.22	-\$1.22	-\$1.31	-\$1.31	-\$1.40	-\$1.40	-\$1.50	-\$1.50	-\$1.60	-\$1.60	-\$1.70	-\$1.70
<b>Billing Charge Recommended Fee</b>	<b>\$1.04</b>	<b>\$1.04</b>	<b>\$1.04</b>	<b>\$1.04</b>	<b>\$1.04</b>	<b>\$1.04</b>	<b>\$1.04</b>	<b>\$1.04</b>						
<b>Capital Improvements Charge (2 Mo.) - Per Equivalent Meter Table 2</b>														
Cash Financed Capital Improvements	\$54.73	\$10.70	\$31.95	\$10.70	\$31.95	\$10.70	\$31.95	\$10.70	\$31.95	\$10.70	\$31.95	\$10.70	\$31.95	\$10.70
Depreciation/Replacement	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Debt Service	\$7.24	\$3.64	\$7.15	\$3.65	\$7.18	\$3.57	\$7.02	\$3.59	\$7.16	\$3.61	\$4.53	\$3.63	\$4.45	\$3.65
Total Calculated Fee	\$61.97	\$14.35	\$39.09	\$14.35	\$39.13	\$14.28	\$38.97	\$14.30	\$39.11	\$14.32	\$36.48	\$14.34	\$36.39	\$14.35
Miscellaneous Adjustment	-\$51.08	-\$3.46	-\$28.20	-\$3.46	-\$28.24	-\$3.39	-\$28.08	-\$3.41	-\$28.22	-\$3.43	-\$25.59	-\$3.45	-\$25.50	-\$3.46
<b>CIP Charge Recommended Fee</b>	<b>\$10.89</b>	<b>\$10.89</b>	<b>\$10.89</b>	<b>\$10.89</b>	<b>\$10.89</b>	<b>\$10.89</b>	<b>\$10.89</b>	<b>\$10.89</b>						
<b>Commodity Charge Per CCF</b>														
Calculated Fee per CCF	\$6.80	\$2.38	\$5.04	\$2.60	\$5.22	\$2.82	\$5.39	\$3.06	\$5.59	\$3.30	\$5.56	\$3.56	\$5.76	\$3.82
<b>Recommended Commodity Fee</b>	<b>\$4.20</b>	<b>\$3.06</b>	<b>\$5.04</b>	<b>\$2.60</b>	<b>\$5.22</b>	<b>\$2.82</b>	<b>\$5.39</b>	<b>\$3.06</b>	<b>\$5.59</b>	<b>\$3.30</b>	<b>\$5.56</b>	<b>\$3.56</b>	<b>\$5.76</b>	<b>\$3.82</b>
	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>FY29</b>	<b>FY30</b>	<b>FY31</b>	<b>FY32</b>							
Typ. Res. Payment (Using 10.9 CCF/2 Months)	\$148.66	\$152.80	\$157.13	\$161.55	\$166.43	\$168.94	\$173.99							
Percent Change in Rates	8.7%	2.8%	2.8%	2.8%	3.0%	1.5%	3.0%							
Expenditures	\$9,665,350	\$8,743,183	\$8,981,126	\$9,223,541	\$9,491,326	\$9,629,324	\$9,906,648							
Revenues	\$8,516,054	\$8,743,183	\$8,981,126	\$9,223,541	\$9,491,326	\$9,629,324	\$9,906,648							
Revenue/Deficit	-\$1,149,296	\$0	\$0	\$0	\$0	\$0	\$0							
Estimated Utilities Fund Balance - Previous Year End	\$6,054,807	\$4,905,511	\$4,905,511	\$4,905,511	\$4,905,511	\$4,905,511	\$4,905,511							
Estimated Utilities Fund Balance - Current Year End	<b>\$4,905,511</b>													
Percentage of Total Expense Budget	51%	56%	55%	53%	52%	51%	50%							

**Utilities Fund Ending Working Capital**

FY23 Ending Working Capital - June 30, 2023	\$7,478,439	Estimated
FY24 Ending Working Capital - June 30, 2024	\$4,525,451	Estimated
FY25 Ending Working Capital - June 30, 2025	\$6,054,807	Estimated
FY26 Ending Working Capital - June 30, 2025	\$4,905,511	Projected

**Projected Future Year Increases**

GPW O/M Projected Budget Increase	4.0%
GLWA Projected Increase	4.0%
SEMSD Projected Increase	4.0%

Proposed Capital Spending in Projections		
	Water	Sanitary
<b>FY26</b>	\$ 2,760,000	\$ 540,000
<b>FY27 &amp; Forward</b>	\$ 1,610,000	\$ 540,000

**Residential Monthly Water and Sewer Rate Comparison**

**Table 3**

**Using 4,000 gallons per Month**

<b>Community</b>	<b>Rate Est.</b>	<b>Water Cost</b>	<b>Sewer Cost</b>	<b>Total Cost</b>	<b>Price/Gallon</b>
City of Roseville <sup>2</sup>	Jul-24	\$ 25.03	\$ 41.12	\$ 66.15	1.65 ¢
Harper Woods <sup>2</sup>	Jan-24	\$ 28.15	\$ 42.21	\$ 70.36	1.76 ¢
<b>Grosse Pointe Woods<sup>1</sup></b>	<b>Jul-25</b>	<b>\$ 35.69</b>	<b>\$ 37.90</b>	<b>\$ 73.59</b>	<b>1.84 ¢</b>
St. Clair Shores <sup>2</sup>	Jul-24	\$ 37.02	\$ 42.60	\$ 79.62	1.99 ¢
Mount Clemens <sup>2</sup>	Oct-24	\$ 42.06	\$ 47.46	\$ 89.52	2.24 ¢
Eastpointe <sup>2</sup>	Jul-23	\$ 39.21	\$ 59.75	\$ 98.96	2.47 ¢
Fraser <sup>2</sup>	Jul-23	\$ 44.46	\$ 65.93	\$ 110.39	2.76 ¢
Grosse Pointe Shores <sup>2</sup>	Jul-24	\$ 57.92	\$ 74.02	\$ 131.94	3.30 ¢

<sup>1</sup> Costs Based on Proposed Rates

<sup>2</sup> Costs Based on Existing Rates