



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 20th, 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
Option 1: No Change to Rates	\$ (1,801,661)	\$ -	0.0%	\$14.53	\$31.14	\$ 1.04	\$ 1.04	\$ 10.89	\$ 10.89	\$ 3.57	\$ 2.60
Option 2: Increase to Comm.	\$ (1,149,296)	\$ 5.94	8.7%	\$14.53	\$31.14	\$ 1.04	\$ 1.04	\$ 10.89	\$ 10.89	\$ 4.20	\$ 3.06

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 user¹ would incur a monthly increase of \$5.94 in FY26 as shown in Table 1.



Frank Schulte
March 24, 2025
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TABLE 1 CITY OF GROSSE POINTE WOODS EXISTING AND PROPOSED WATER & SEWER RATE COMPARISON FY2026			
RATE CATEGORY	EXISTING RATE	PROPOSED RATE	PERCENT CHANGE
Meter Charge (2 Months) - Per Equivalent Meter Table 3			
Water Total	\$14.53	\$14.53	
Sewer Total	\$31.14	\$31.14	
Total Meter Charge	\$45.67	\$45.67	
Billing Charge (2 Months) -Per Account			
Water Total	\$1.04	\$1.04	
Sewer Total	\$1.04	\$1.04	
Total Billing Charge	\$2.08	\$2.08	
Capital Improvement Charge (2 Months) - Per Equiv Meter Table 2			
Water Total	\$10.89	\$10.89	
Sewer Total	\$10.89	\$10.89	
Total CIP Charge	\$21.78	\$21.78	
Commodity Charge - Water (Per CCF)			
Total Commodity Water	\$3.57	\$4.20	
Total Commodity Sewer	\$2.60	\$3.06	
Typical Costs With 10.9 CCF (8,000 gal) Use (2 Months)	\$136.78	\$148.66	8.7%
Cost Changes to Typical Residential User¹		\$ 5.94 Per Month	
Industrial Waste Control Charges		Per GLWA Adopted Rates	

¹The 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
Meter Charge (2 Month) - Per Equivalent Meter Table 3														
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
Meter Charge Recommend Fee	\$14.53	\$31.14	\$14.53	\$31.14	\$14.53	\$31.14	\$14.53	\$31.14	\$14.53	\$31.14	\$14.53	\$31.14	\$14.53	\$31.14
Billing Charge (2 Month) - Per Account Meter														
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
Billing Charge Recommended Fee	\$1.04	\$1.04	\$1.04	\$1.04	\$1.04	\$1.04	\$1.04	\$1.04	\$1.04	\$1.04	\$1.04	\$1.04	\$1.04	\$1.04
Capital Improvements Charge (2 Mo.) - Per Equivalent Meter Table 2														
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
CIP Charge Recommended Fee	\$10.89	\$10.89	\$10.89	\$10.89	\$10.89	\$10.89	\$10.89	\$10.89	\$10.89	\$10.89	\$10.89	\$10.89	\$10.89	\$10.89
Commodity Charge Per CCF														
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
Recommended Commodity Fee	\$4.20	\$3.06	\$5.04	\$2.60	\$5.22	\$2.82	\$5.39	\$3.06	\$5.59	\$3.30	\$5.56	\$3.56	\$5.76	\$3.82
	FY26		FY27		FY28		FY29		FY30		FY31		FY32	
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	\$4,905,511		\$4,905,511		\$4,905,511		\$4,905,511		\$4,905,511		\$4,905,511		\$4,905,511	
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
FY26	\$ 2,760,000	\$ 540,000
FY27 & Forward	\$ 1,610,000	\$ 540,000

Residential Monthly Water and Sewer Rate Comparison

Table 3

Using 4,000 gallons per Month

Community	Rate Est.	Water Cost	Sewer Cost	Total Cost	Price/Gallon
City of Roseville ²	Jul-24	\$ 25.03	\$ 41.12	\$ 66.15	1.65 ¢
Harper Woods ²	Jan-24	\$ 28.15	\$ 42.21	\$ 70.36	1.76 ¢
Grosse Pointe Woods¹	Jul-25	\$ 35.69	\$ 37.90	\$ 73.59	1.84 ¢
St. Clair Shores ²	Jul-24	\$ 37.02	\$ 42.60	\$ 79.62	1.99 ¢
Mount Clemens ²	Oct-24	\$ 42.06	\$ 47.46	\$ 89.52	2.24 ¢
Eastpointe ²	Jul-23	\$ 39.21	\$ 59.75	\$ 98.96	2.47 ¢
Fraser ²	Jul-23	\$ 44.46	\$ 65.93	\$ 110.39	2.76 ¢
Grosse Pointe Shores ²	Jul-24	\$ 57.92	\$ 74.02	\$ 131.94	3.30 ¢
¹ Costs Based on Proposed Rates					
² Costs Based on Existing Rates					