# MINUTES

**SPECIAL MEETING OF THE VILLAGE COUNCIL - WATER AND SEWER RATES**

**Thursday, June 18, 2026**

**6:00 PM**

**Village Hall – 21 East Church Street, Lake Orion, MI 48362**

**(248) 693-8391 ext. 102**

**PURPOSE OF THE MEETING: Discuss FY 2026-2027 Water and Sewer Rates**

## 1. Call to Order

The June 18, 2026 Special Meeting of the Village Council was called to order by President Pro Tem Ford at 6:00 PM.

## 2. Roll Call and Determination of Quorum

PRESENT
President Pro Tem Stan Ford
Council Member Nancy Moshier
Council Member Michael Lamb
Council Member George Dandalides
Council Member Alex Comparoni Jr
Council Member Eric Papacek

STAFF PRESENT
Village Manager Darwin McClary
DPW Director Wes Sanchez
Deputy Clerk/Treasurer Lynsey Blough

**MOTION** made by Council Member Comparoni Jr, Seconded by Council Member Dandalides, to excuse President Rutt from the June 18, 2026, Village Council Special Meeting.

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| **VOTING YEA:** | Ford, Moshier, Lamb, Dandalides, Comparoni Jr, Papacek |
| **VOTING NAY:** | None |
| **ABSENT:** | Rutt |
| **MOTION:** | Carried |

## 3. Call to the Public

None.

## 4. Other Items

### A. Proposed FY 2026-27 Water and Sewer Rates Review

Village Manager McClary introduced the proposed FY 2026-2027 water and sewer rates, explaining that the purpose of the meeting was to review the rate models, assumptions, and supporting data prior to the public hearing scheduled for June 22, 2026. He noted that the rates are designed to fully fund system operations, maintenance, capital improvements, equipment replacement, and debt obligations. DPW Director Sanchez also provided comparisons showing customer impacts under both quarterly and upcoming monthly billing formats.

DPW Director Sanchez reviewed the Village's current water rate structure, customer base, meter equivalents (REUs), cash reserves, operating expenses, equipment replacement planning, and bond debt obligations. He explained that water rates are calculated by allocating costs across meter equivalents to ensure customers pay proportionately based on meter size and system capacity. Water system operating expenses, purchased water costs, debt service, equipment replacement funding, and capital improvement needs were incorporated into the rate model. Based on current projections, the proposed water rates would generate sufficient revenue to meet operational and financial obligations while resulting in an overall decrease in water rates compared to the previous year, largely due to additional customers being added to the system.

Steve Samet inquired about staffing costs included in the water rate calculations and how employee time is allocated to water system operations. DPW Director Sanchez explained that staff time is tracked and allocated to the utility systems based on work performed. Council Member Lamb questioned whether any operational costs could be reduced while maintaining service levels. DPW Director Sanchez responded that the proposed budget reflects the minimum costs necessary to operate and maintain the system.

Amy Tunney raised concerns regarding the affordability of utility bills and questioned whether the presentation reflected actual decreases in customer costs. Staff clarified that the water rate proposal represented a decrease from the previous year and that sewer rates would be discussed separately. Discussion also occurred regarding the Village's transition from quarterly to monthly utility billing. DPW Director Sanchez explained that monthly billing was intended to assist residents with budgeting and provide more timely identification of water leaks and delinquent accounts.

Don Connery sought clarification regarding the comparison between quarterly and monthly billing presentations and whether the proposed monthly amounts represented actual customer costs. He also questioned the frequency of meter readings, the additional costs associated with monthly billing, and the Village's plans for future meter replacements. DPW Director Sanchez explained that meters would be read monthly and that the Village has been planning and budgeting for a future system-wide meter replacement program.

Council discussed the rationale for transitioning to monthly billing. Village Manager McClary stated that the change was intended to help residents manage utility expenses, improve cash flow, identify leaks sooner, and reduce delinquent accounts. Council Member Dandalides noted that these considerations were discussed when the Council approved the transition earlier in the year. Mr. Samet also suggested encouraging greater participation in electronic billing to reduce mailing costs, and staff noted that information regarding online billing and automatic payment options has been provided through Village communications.

DPW Director Sanchez then presented the proposed sewer rates, reviewing sewer customer classifications, meter equivalents, operating expenses, treatment costs, and debt obligations. He explained that sewer rates are significantly impacted by the ongoing sanitary sewer pump station improvement project. Phase One of the project was previously completed through bonded debt, and the Village is preparing to undertake Phases Two and Three, which are estimated to cost approximately $10.8 million. After accounting for available reserves and grant reimbursements, the Village anticipates issuing approximately $8 million in additional debt to fund the remaining improvements.

Council and residents discussed maintenance costs, the condition of the existing pump stations, and the proposed debt financing. DPW Director Sanchez explained that many of the pump stations have exceeded their useful life and can no longer be effectively maintained due to the lack of available replacement parts. Village Manager McClary stated that while some maintenance costs may decrease following the improvements, the full extent of future savings is not yet known.

Council Member Dandalides questioned whether sewer-related costs could be distributed across a larger customer base. DPW Director Sanchez explained that sewer costs can only be assigned to customers receiving sewer service and cannot be allocated to water-only customers located outside the Village sewer system.

During discussion of the proposed sewer rates, residents expressed concerns regarding recent and anticipated increases in utility costs. Village Manager McClary explained that prior rate increases were associated with financing Phase One of the sanitary sewer pump station improvement project, while the proposed increase reflects debt service associated with Phases Two and Three. He further noted that the Village has secured grant funding, is pursuing additional federal assistance, and may qualify for lower-interest financing through the State's Clean Water Revolving Fund program, all of which could reduce future rate impacts. Council Member Dandalides also noted that combining Phases Two and Three into a single construction effort reduced overall project costs by minimizing mobilization expenses.

Village Manager McClary further noted that additional customer growth from recent and planned residential developments could help distribute future costs across a larger customer base, potentially reducing rate impacts over time.

Council Member Lamb stated that sewer disposal and maintenance costs charged by the county are largely fixed and not easily reduced through Village staffing cuts. He expressed concern that inflow and infiltration from sump pumps connected to the sanitary sewer system may be contributing significantly to treatment costs and urged continued investigation into unauthorized connections. Village Manager McClary responded that the Council's goals and objectives include a review of inflow and infiltration issues and that staff is working with the Water Resources Commissioner (WRC) using existing televising and system data.

President Pro Tem Ford and Council Member Dandalides discussed future water main replacement needs on the east side of the Village and the potential use of Downtown Development Authority (DDA) 75/25 infrastructure funding for eligible projects within the DDA district. Village Manager McClary indicated that a substantial portion of the remaining water main work is located within the DDA district and could be considered for future funding.

Council Member Papacek asked whether additional sewer fund reserves could be used to reduce the amount of borrowing required for the sewer project. Village Manager McClary and DPW Director Sanchez explained that approximately $960,000 in existing reserves, along with grant reimbursement funds, are already being applied to reduce the anticipated bond amount from approximately $10.8 million to roughly $8 million.

Council Member Lamb asked what would be required to prevent additional sewer rate increases and whether general fund or other Village revenues could be used to offset utility debt. Village Manager McClary stated that avoiding the increase would require substantial outside funding, such as additional grant assistance, and explained that water and sewer systems are intended to operate as enterprise funds supported by user rates rather than general tax revenues.

Paul Tracey stated that water and sewer affordability is currently the primary concern for many residents and urged the Council to prioritize those issues over other capital projects. Village Manager McClary and Council Member Dandalides clarified that the Village's multi-year capital improvement plan includes water and sewer infrastructure projects and that the $10.8 million sewer project is part of the broader capital planning process.

Delaney Tunney questioned why sewer infrastructure improvements had not been undertaken earlier and asked why DDA funds could not be used for pump station improvements. Village Manager McClary explained that state law restricts DDA funds to projects located within the DDA district and that the pump stations serving the lake area are located outside that district.

Don Connery questioned the Village's continued operation of its own water system, the provision of water service to certain Township properties, and whether regional partnerships with Orion Township should be investigated as a possible long-term cost-saving measure. Village Manager McClary explained that the Village historically developed its water system before Township utilities existed and that additional customers generally help spread fixed costs across a larger user base. DPW Director Sanchez added that removing Township water customers from the system would increase costs for existing Village customers. Mr. Connery also suggested that Council consider investigating regional utility partnerships, possible expansion of the DDA district, and additional infrastructure-related fees for new developments.

Amy Tunney expressed concern about the cumulative impact of recent water and sewer rate increases, special assessments, and overall affordability for long-term residents. She questioned whether the costs could be spread over a longer period to make the increases more manageable. DPW Director Sanchez explained that the proposed bond financing already spreads the sewer infrastructure costs over approximately twenty years and stated that the Village is attempting to address long-deferred infrastructure needs. Council Member Dandalides noted that Council members are subject to the same utility rates and assessments as other residents.

Council Member Lamb reiterated his position that additional Village resources should be redirected toward water and sewer infrastructure and stated that past councils had deferred necessary investments. President Pro Tem Ford emphasized that Council is now confronting those infrastructure challenges and that the upcoming public hearing would provide the formal opportunity for further public input.

Council Member Comparoni Jr. noted that informational materials regarding utility assistance programs were available for residents who may need financial assistance.

**5. Call to the Public**

None.

**6. Adjournment**

**MOTION** made by Council Member Comparoni Jr, Seconded by Council Member Lamb, to adjourn the June 18, 2026 Village Council Special Meeting.

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| **VOTING YEA:** | Ford, Moshier, Lamb, Dandalides, Comparoni Jr, Papacek |
| **VOTING NAY:** | None |
| **ABSENT:** | Rutt |
| **MOTION:** | Carried |

The June 18, 2026, Village Council Special Meeting adjourned at 7:32 PM.

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Teresa Rutt
President

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Lynsey Blough, CMC
Deputy Clerk/Treasurer

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Sonja Stout, MiCPT
Clerk/Treasurer

Date Approved: as presented on July 13, 2026