

**To: Honorable Mayor and City Council**

**From: Melissa R. Marsh, City Manager**

**Date: February 26, 2026**

**Re: FY 2027 Water and Sewer Budget and Proposed Rate Adjustment**

Reliable drinking water delivery and effective wastewater treatment are core public health services and among the most infrastructure intensive responsibilities of local government. The City's utility system must consistently meet regulatory standards, maintain system integrity, and ensure dependable service availability. While rate increases are never desirable, the proposed adjustment is necessary to preserve the long-term financial and operational sustainability of the system.

### **FY 2027 Water and Sewer Budget Overview**

Staff proposes bringing the water and sewer rate adjustment to City Council in early March rather than with the May budget adoption. This schedule allows staff time to provide advanced notice to all customers prior to implementation. The new rates would take effect for bills issued on or after July 1, 2026, which cover utilization from April–June for residential customers and mid-May–mid-June usage for commercial customers.

The proposed FY 2027 Water and Sewer Fund budget totals \$15,361,947, which is \$132,029 lower than the amended FY 2026 budget of \$15,493,976. When reviewing historical actuals in the attached proposed budget, it is important to note accounting for the Water and Sewer differs from other governmental operations. Capital purchases are capitalized and depreciated over their useful life rather than expensed in the year of purchase, meaning actual expenditures appear lower in purchase years than budgeted amounts. This results in the lower amounts shown in the actual column for FY 2024 and 2025 than what was actually expended.

The City of Madison Heights relies on the Great Lakes Water authority (GLWA) and Oakland County Drain Commission for Water services and Wastewater treatment. Both of these entities are passing on rates increases to the City as described below. It is important to note that City Council did pass a resolution opposing these rate increase and that it has been forwarded to these vendors as well as our State Representatives.

The Water and Sewer budget detail is attached for your review. This budget is built on the rate increases discussed below as well as a planned use of fund balance of \$162,187. Our fund balance is currently estimated to be approximately \$5.5 million at the end of the current fiscal year with a minimum fund balance level of \$2.8 million. We have intentionally built a fund balance in order to provide the ability to complete watermain replacements in conjunction with our road improvement projects and future sewer separations. Other key components of this budget include:

Water wholesale costs increasing 5.8% (approximately \$3.0 million)

Sewage and stormwater disposal/treatment increasing 4.26% (approximately \$5.4 million)

Capital reinvestment – \$2.9 million total:

- Water main replacement associated with R-3 neighborhood road improvements: \$1,223,000
- Stand-alone water main replacements: \$820,000
- Vehicles and equipment: \$265,000
- Building improvements: \$150,000
- Utility Billing Software Conversion w/training: \$114,769

These investments address aging infrastructure, regulatory compliance, and operational reliability. Deferring replacement increases failure risk, emergency repair costs, and service disruption.

### Proposed rates

	FY 2026 Actual	FY 2027 Proposed	Change from FY 2026 to 2027	Percentage Increase
Water	\$4.74	\$5.01	\$0.27	5.70%
Wastewater	\$6.96	\$7.29	\$0.33	4.74%
Average bill (12 units for residential customer)	\$140.40	\$148.68	\$8.28	5.128%

Even with the proposed adjustment, the City remains among the lowest water rate providers in the region and statewide comparison communities. We have attached a rate comparison for those communities that responded to the Water and Sewer rate survey. It is important to note that the rates shown are the FY 2027 rates for Madison Heights and the FY 2026 rates for all other communities. It is anticipated that other communities are going to increase their rates by a minimum of 5%.

### Conclusion

The recommended rate adjustment aligns revenue with unavoidable wholesale cost increases and necessary infrastructure reinvestment. Without this action, the City would risk declining system reliability, higher emergency repair costs, and long-term financial imbalance. The proposal maintains affordability while ensuring continued delivery of safe drinking water and dependable wastewater treatment services.

Staff recommend Council consideration of the FY 2027 Water and Sewer Budget and associated rate adjustment in early March to allow timely public notification and responsible system stewardship.

### Attachments:

- Water and Sewer Budget Proposal
- Water and Sewer Rate Survey comparisons
- Water and Sewer Capital Outlay Listing
- Water and Sewer 5-year projection rate analysis
- GLWA Memo – Proposed FY 2027 Charges Foundational Considerations

## Fund: 592 WATER AND SEWER FUND

GL NUMBER	DESCRIPTION	2023-24 ACTIVITY	2024-25 ACTIVITY	2025-26 AMENDED BUDGET	2025-26 ACTIVITY THRU 06/30/26	2026-27 DEPT REQ BUDGET
ESTIMATED REVENUES						
Dept 010 - WATER SALES						
UNK REV						
592-010-626-6111	SERVICE CHARGES	39,313	37,541	50,000	21,226	45,000
592-010-629-6112	TAPPING AND INSTALLATION	158,321	9,650	2,750	2,700	2,750
592-010-629-6113	WATER AND TRANSMISSION MAINS	576	648	1,008	216	1,008
592-010-632-6120	PENALTIES	276,928	316,008	251,784	187,782	282,847
592-010-633-6114	MISCELLANEOUS SERVICE CHARGES	3,500	2,100	1,500	0	1,500
592-010-642-6430 *	RESIDENTIAL WATER SALES	2,567,389	2,631,338	2,416,871	1,669,031	2,598,221
592-010-642-6440	COMMERCIAL WATER SALES	2,773,839	2,984,143	2,983,745	1,916,717	3,199,987
592-010-642-6480	METER SALES	273,106	21,175	5,000	4,860	5,000
592-010-642-6490	DETROIT METER CHARGES	234,473	241,880	226,123	147,038	243,733
UNK REV		6,327,445	6,244,483	5,938,781	3,949,570	6,380,046
Totals for dept 010 - WATER SALES		6,327,445	6,244,483	5,938,781	3,949,570	6,380,046
Dept 011 - PROPERTY TAXES						
UNK REV						
592-011-402-4041	TAXES REAL CHAPTER 20 DRAIN DEBT	770,895	208,976	0	0	0
592-011-410-4173	TAXES PERSONAL CHAPTER 20 DRAIN D	68,453	16,877	0	0	0
UNK REV		839,348	225,853	0	0	0
Totals for dept 011 - PROPERTY TAXES		839,348	225,853	0	0	0
Dept 020 - SEWAGE DISPOSAL						
UNK REV						
592-020-630-6115	SEWAGE DISPOSAL CHARGES	7,898,436	8,238,521	7,929,961	5,268,323	8,436,914
592-020-630-6117	SEWER TAP FEES	9,805	10,488	5,500	1,866	5,500
592-020-631-6118	STORMWATER CHARGES	(313)	0	0	0	0
UNK REV		7,907,928	8,249,009	7,935,461	5,270,189	8,442,414
Totals for dept 020 - SEWAGE DISPOSAL		7,907,928	8,249,009	7,935,461	5,270,189	8,442,414
Dept 023 - STATE SHARED REVENUES						
UNK REV						
592-023-569-5688	STATE GRANTS OTHER	0	3,215	0	0	0
UNK REV		0	3,215	0	0	0
Totals for dept 023 - STATE SHARED REVENUES		0	3,215	0	0	0
Dept 030 - CHARGES FOR SERVICES						
UNK REV						
592-030-651-6285	RV LOT FEES	47,207	54,054	45,000	18,938	55,000
UNK REV		47,207	54,054	45,000	18,938	55,000
Totals for dept 030 - CHARGES FOR SERVICES		47,207	54,054	45,000	18,938	55,000
Dept 044 - MISCELLANEOUS REVENUE						
UNK REV						
592-044-675-0001	INSURANCE DISTRIBUTIONS	96,000	57,715	98,800	0	98,800
592-044-680-6701	MISCELLANEOUS REVENUE	7,173	20,178	15,000	4,112	15,000
UNK REV		103,173	77,893	113,800	4,112	113,800
FINANCE						
592-044-665-5000	INTEREST EARNED	81,980	134,768	50,000	62,119	65,000
FINANCE		81,980	134,768	50,000	62,119	65,000

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ESTIMATED REVENUES						
Dept 044 - MISCELLANEOUS REVENUE						
Totals for dept 044 - MISCELLANEOUS REVENUE		185,153	212,661	163,800	66,231	178,800
Dept 046 - SALE OF FIXED ASSETS						
UNK REV						
592-046-669-6731	LOSS ON SALE OF FIXED ASSETS	(10,362)	0	0	0	0
592-046-673-0000	SALE OF FIXED ASSETS	15,486	0	12,000	0	28,500
592-046-673-5008	FIXED ASSET CLEARING ACCOUNT	5,237	0	0	0	0
UNK_REV		10,361	0	12,000	0	28,500
Totals for dept 046 - SALE OF FIXED ASSETS		10,361	0	12,000	0	28,500
Dept 047 - DEPARTMENT CHARGES						
UNK REV						
592-047-626-6950	GENERAL FUND-DEPARTMENTAL CHG	91,871	106,811	85,000	43,475	85,000
592-047-626-6951	MAJOR STREETS DEPT CHARGES	12,580	7,128	20,000	7,882	20,000
592-047-626-6952	LOCAL STREETS DEPT CHARGES	19,835	2,565	10,000	2,004	10,000
UNK_REV		124,286	116,504	115,000	53,361	115,000
Totals for dept 047 - DEPARTMENT CHARGES		124,286	116,504	115,000	53,361	115,000
Dept 053 - PRIOR YEARS FUND BALANCE						
UNK REV						
592-053-692-6970	USE OF FUND BALANCE	0	0	1,283,934	0	162,187
UNK_REV		0	0	1,283,934	0	162,187
Totals for dept 053 - PRIOR YEARS FUND BALANCE		0	0	1,283,934	0	162,187
TOTAL ESTIMATED REVENUES		15,441,728	15,105,779	15,493,976	9,358,289	15,361,947
APPROPRIATIONS						
Dept 527 - SEWAGE DISPOSAL						
OTHER SERVICES AND CHARGES						
592-527-838-0000	SEWAGE DISPOSAL CHARGES	2,579,980	2,577,696	2,799,283	1,733,124	3,097,638
592-527-838-1000	STORMWATER CHARGES	2,039,953	1,972,348	2,213,736	1,288,327	2,302,647
OTHER SERVICES AND CHARGES		4,619,933	4,550,044	5,013,019	3,021,451	5,400,285
Totals for dept 527 - SEWAGE DISPOSAL		4,619,933	4,550,044	5,013,019	3,021,451	5,400,285
Dept 550 - WATER & SEWER - WATER						
SUPPLIES						
592-550-770-0000	WATER PURCHASED	2,415,128	2,405,717	2,841,303	1,320,033	2,793,189
592-550-771-0000	METER COSTS	214,438	240,007	243,733	146,654	253,827
SUPPLIES		2,629,566	2,645,724	3,085,036	1,466,687	3,047,016
Totals for dept 550 - WATER & SEWER - WATER		2,629,566	2,645,724	3,085,036	1,466,687	3,047,016
Dept 551 - WATER SYSTEM MAINTENANCE						
OTHER SERVICES AND CHARGES						
592-551-818-0000 *	CONTRACTUAL SERVICES	282,419	277,137	249,800	428,009	270,000
592-551-943-0000	EQUIPMENT RENTAL	1,971	20	0	1,162	3,174
592-551-944-0000	MOTOR POOL CHARGES	69,076	73,833	52,046	42,289	81,899
592-551-944-1000	DEPT OF PUBLIC SERVICES CHARGES	492,399	582,113	516,274	348,220	525,394
OTHER SERVICES AND CHARGES		845,865	933,103	818,120	819,680	880,467

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APPROPRIATIONS						
Dept 551 - WATER SYSTEM MAINTENANCE						
SUPPLIES						
592-551-758-0000	OPERATING SUPPLIES-INVENTORY	(18,006)	(15,008)	0	0	0
592-551-766-0000	TOOLS AND SUPPLIES	27,255	56,463	50,000	51,492	55,000
592-551-767-1000	HYDRANT PARTS	7,861	5,257	7,500	1,798	7,500
592-551-771-0000	METER COSTS	39,155	12,661	20,000	382	20,000
592-551-782-0000	ROAD MAINTENANCE	1,958	990	0	0	0
592-551-782-1000	REPAIR & RESTORATION MATERIALS	10,496	11,140	17,500	39,784	17,500
	SUPPLIES	68,719	71,503	95,000	93,456	100,000
PERSONNEL SERVICE						
592-551-706-0000	WAGES-FULL-TIME	(31,580)	1,776	0	0	0
592-551-710-0000	FRINGE BENEFITS	(2,416)	135	0	0	0
592-551-710-0002	HOSPITALIZATION - ACTIVE	(998)	2,750	0	0	0
592-551-710-0010	MERS PENSION	56,822	390,220	0	0	0
	PERSONNEL SERVICE	21,828	394,881	0	0	0
UNK_EXP						
592-551-710-0015	OPEB EXPENSE - W&S	(513,318)	(918,888)	0	0	0
	UNK_EXP	(513,318)	(918,888)	0	0	0
Totals for dept 551 - WATER SYSTEM MAINTENANCE						
		423,094	480,599	913,120	913,136	980,467
Dept 552 - WATER TAPPING & INSTALLATION						
OTHER SERVICES AND CHARGES						
592-552-818-0000 *	CONTRACTUAL SERVICES	18,405	17,562	30,000	5,900	20,000
	OTHER SERVICES AND CHARGES	18,405	17,562	30,000	5,900	20,000
SUPPLIES						
592-552-758-0000	OPERATING SUPPLIES-INVENTORY	(16,308)	3,453	0	0	0
592-552-766-0000	TOOLS AND SUPPLIES	13,556	11,962	10,000	2,834	10,000
592-552-767-1000	HYDRANT PARTS	14,831	782	10,000	9,755	10,000
	SUPPLIES	12,079	16,197	20,000	12,589	20,000
Totals for dept 552 - WATER TAPPING & INSTALLATION						
		30,484	33,759	50,000	18,489	40,000
Dept 554 - WATER DEPRECIATION						
OTHER SERVICES AND CHARGES						
592-554-968-9480	DEPRECIATION-WATER SYSTEM	449,164	448,952	0	448,952	0
592-554-968-9490	DEPRECIATION-METER INSTALLED	270,609	269,923	0	269,923	0
592-554-968-9500	DEPRECIATION-SERV CONNECTIONS	9,872	37,688	0	70,865	0
	OTHER SERVICES AND CHARGES	729,645	756,563	0	789,740	0
Totals for dept 554 - WATER DEPRECIATION						
		729,645	756,563	0	789,740	0
Dept 560 - SEWER SYSTEM MAINTENANCE						
OTHER SERVICES AND CHARGES						
592-560-818-0000 *	CONTRACTUAL SERVICES	78,215	38,014	70,000	14,411	70,000
592-560-943-0000	EQUIPMENT RENTAL	795	113	0	474	0
592-560-944-0000	MOTOR POOL CHARGES	58,961	63,021	44,424	16,935	45,952
592-560-944-1000	DEPT OF PUBLIC SERVICES CHARGES	492,399	582,113	516,274	348,220	525,394
	OTHER SERVICES AND CHARGES	630,370	683,261	630,698	380,040	641,346
SUPPLIES						
592-560-766-0000	TOOLS AND SUPPLIES	20,927	17,752	20,000	2,456	20,000
592-560-782-1000	REPAIR & RESTORATION MATERIALS	7,395	9,506	7,500	2,713	7,500

Fund: 592 WATER AND SEWER FUND

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APPROPRIATIONS						
Dept 560 - SEWER SYSTEM MAINTENANCE						
SUPPLIES						
	SUPPLIES	28,322	27,258	27,500	5,169	27,500
PERSONNEL SERVICE						
592-560-706-0000	WAGES-FULL-TIME	(10,907)	5,806	0	0	0
592-560-710-0000	FRINGE BENEFITS	(901)	444	0	0	0
592-560-710-0001	FICA/MEDICARE	59	0	0	0	0
592-560-710-0002	HOSPITALIZATION - ACTIVE	352	0	0	0	0
592-560-710-0004	DENTAL	17	0	0	0	0
592-560-710-0005	LIFE INSURANCE	7	0	0	0	0
592-560-710-0006	OPTICAL	2	0	0	0	0
592-560-710-0007	DISABILITY	7	0	0	0	0
592-560-710-0010	MERS PENSION	56,891	390,220	0	0	0
592-560-710-0050	RETIREE HEALTH CARE CONTRIBUTION	26	0	0	0	0
	PERSONNEL SERVICE	45,553	396,470	0	0	0
Totals for dept 560 - SEWER SYSTEM MAINTENANCE		704,245	1,106,989	658,198	385,209	668,846
Dept 561 - SEWER DEPRECIATION						
OTHER SERVICES AND CHARGES						
592-561-968-9520	DEPREC-SEWAGE DISP SYST	478,483	478,483	0	478,483	0
592-561-968-9530	DEPREC-TRUCKS, MACHINERY,EQUIP	122,420	98,639	0	89,963	0
592-561-968-9540	DEPREC-FURNITURE AND EQUIP	2,706	2,706	0	1,199	0
592-561-968-9560	DEPREC-STORAGE BUILDINGS	3,020	3,020	0	3,020	0
	OTHER SERVICES AND CHARGES	606,629	582,848	0	572,665	0
Totals for dept 561 - SEWER DEPRECIATION		606,629	582,848	0	572,665	0
Dept 565 - WATER - GENERAL SERVICE BLDG						
OTHER SERVICES AND CHARGES						
592-565-818-0000 *	CONTRACTUAL SERVICES	45,367	33,236	38,110	18,796	40,850
592-565-818-2000	CONTRACTUAL CUSTODIAL	18,395	21,831	21,831	9,096	21,831
592-565-921-0000	ELECTRIC	27,580	30,716	32,302	20,670	32,499
592-565-923-0000	HEAT	7,739	9,052	8,500	934	8,500
592-565-927-0000	WATER	1,940	2,194	8,529	1,690	6,897
592-565-933-0000	EQUIPMENT MAINTENANCE	2,825	1,936	3,000	0	3,000
592-565-943-0000	EQUIPMENT RENTAL	105	0	0	453	1,015
592-565-962-9100	INSURANCE AND BONDS	108,207	115,220	118,680	145,941	150,320
592-565-968-9532	DEPRECIATION-GENERAL SERVICE BUIL	55,596	55,596	0	55,596	0
	OTHER SERVICES AND CHARGES	267,754	269,781	230,952	253,176	264,912
SUPPLIES						
592-565-766-0000	TOOLS AND SUPPLIES	6,066	5,428	6,000	2,467	6,000
	SUPPLIES	6,066	5,428	6,000	2,467	6,000
UNK EXP						
592-565-968-0000	DEPREC - FUEL SYSTEM	11,293	18,001	0	19,878	0
	UNK_EXP	11,293	18,001	0	19,878	0
Totals for dept 565 - WATER - GENERAL SERVICE BLDG		285,113	293,210	236,952	275,521	270,912
Dept 590 - WATER & SEWER GENERAL ADMIN						
OTHER SERVICES AND CHARGES						
592-590-807-0000	AUDIT FEES	28,807	19,472	24,167	21,663	25,388
592-590-818-0000 *	CONTRACTUAL SERVICES	137,013	98,931	116,620	72,457	131,171

## Fund: 592 WATER AND SEWER FUND

GL NUMBER	DESCRIPTION	2023-24 ACTIVITY	2024-25 ACTIVITY	2025-26 AMENDED BUDGET	2025-26 ACTIVITY THRU 06/30/26	2026-27 DEPT REQ BUDGET
APPROPRIATIONS						
Dept 590 - WATER & SEWER GENERAL ADMIN						
OTHER SERVICES AND CHARGES						
592-590-818-0049	CONTRACTUAL- ELECTRIC	1,221	1,068	1,500	684	1,500
592-590-818-3000 *	COMPUTER SERVICES	37,417	45,649	82,464	55,942	85,997
592-590-826-0000	LEGAL FEES	3,588	130	3,000	725	3,000
592-590-850-0000	COMMUNICATIONS	6,355	6,300	6,546	4,271	6,690
592-590-942-0000	BUILDING RENTAL	16,480	16,480	16,480	16,480	16,480
592-590-943-0000	EQUIPMENT RENTAL	5,422	538	10,000	0	10,000
592-590-944-1000	DEPT OF PUBLIC SERVICES CHARGES	181,172	214,182	189,957	128,123	193,312
592-590-955-8640	CONFERENCES AND WORKSHOPS	1,499	1,155	1,300	0	1,300
592-590-955-8660	TRAINING	3,202	2,642	3,500	4,611	3,500
592-590-958-0000 *	MEMBERSHIPS AND DUES	25,984	23,660	26,846	19,202	24,147
592-590-961-0000	ADMINISTRATIVE CHARGES	650,000	650,010	650,000	650,000	650,000
592-590-962-9100	INSURANCE AND BONDS	108,207	115,220	118,680	115,182	118,640
	OTHER SERVICES AND CHARGES	<u>1,206,367</u>	<u>1,195,437</u>	<u>1,251,060</u>	<u>1,089,340</u>	<u>1,271,125</u>
SUPPLIES						
592-590-728-0000	OFFICE SUPPLIES	9,402	12,049	9,500	5,517	9,500
592-590-728-1000 *	COMPUTER SUPPLIES	4,162	908	3,000	1,893	40,000
592-590-729-0000 *	FORMS AND PRINTING	200	413	14,200	1,340	600
592-590-730-0000	POSTAGE	25,160	25,749	27,000	20,729	27,000
	SUPPLIES	<u>38,924</u>	<u>39,119</u>	<u>53,700</u>	<u>29,479</u>	<u>77,100</u>
PERSONNEL SERVICE						
592-590-706-0000	WAGES-FULL-TIME	51,903	84,731	154,785	53,407	217,024
592-590-708-0000	UNIFORM ALLOWANCE	0	0	700	0	1,400
592-590-709-0000	OVERTIME	0	0	5,333	1,166	5,333
592-590-710-0000	FRINGE BENEFITS	(1,420)	449	190	0	315
592-590-710-0001	FICA/MEDICARE	5,016	5,625	9,808	3,685	14,622
592-590-710-0002	HOSPITALIZATION - ACTIVE	11,616	12,305	42,478	9,716	82,987
592-590-710-0004	DENTAL	564	569	2,006	395	3,325
592-590-710-0005	LIFE INSURANCE	216	218	360	149	381
592-590-710-0006	OPTICAL	54	55	218	38	567
592-590-710-0007	DISABILITY	239	242	669	141	946
592-590-710-0008	WORKERS COMPENSATION	6,042	301	4,773	4,335	7,501
592-590-710-0010	MERS PENSION	5,567	21,752	152,343	59,905	127,316
592-590-710-0050	RETIREE HEALTH CARE CONTRIBUTION	1,061	1,165	29,603	779	31,461
592-590-710-3002	RETIREE HOSPITALIZATION BCBS	(29,911)	0	9,525	246,307	14,211
592-590-710-3004	RETIREE DENTAL	1,338	0	827	734	827
592-590-710-3005	RETIREE LIFE INSURANCE	576	0	250	449	250
	PERSONNEL SERVICE	<u>52,861</u>	<u>127,412</u>	<u>413,868</u>	<u>381,206</u>	<u>508,466</u>
CAPITAL OUTLAY						
592-590-973-1000	WATERMAIN REPLACEMENT	(352)	0	0	0	0
	CAPITAL OUTLAY	<u>(352)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
CAPITAL OUTLAY						
592-590-987-0008	EECDBG - IMPROVEMENTS	0	0	0	31,694	0
	CAPITAL OUTLAY	<u>0</u>	<u>0</u>	<u>0</u>	<u>31,694</u>	<u>0</u>
Totals for dept 590 - WATER & SEWER GENERAL ADMIN						
		<u>1,297,800</u>	<u>1,361,968</u>	<u>1,718,628</u>	<u>1,531,719</u>	<u>1,856,691</u>
Dept 901 - WATER & SEWER CAPITAL OUTLAY						
OTHER SERVICES AND CHARGES						
592-901-818-3000 *	COMPUTER SERVICES	0	0	0	0	114,769
592-901-943-0000	EQUIPMENT RENTAL	0	8,767	3,228	3,083	5,554

Fund: 592 WATER AND SEWER FUND

GL NUMBER	DESCRIPTION	2023-24 ACTIVITY	2024-25 ACTIVITY	2025-26 AMENDED BUDGET	2025-26 ACTIVITY THRU 06/30/26	2026-27 DEPT REQ BUDGET
APPROPRIATIONS						
Dept 901 - WATER & SEWER CAPITAL OUTLAY						
OTHER SERVICES AND CHARGES						
592-901-944-1000	DEPT OF PUBLIC SERVICES CHARGES	193,739	229,037	203,132	137,010	206,720
	OTHER SERVICES AND CHARGES	193,739	237,804	206,360	140,093	327,043
SUPPLIES						
592-901-728-5000	COPPER-LEAD REPLACEMENT	16,936	57,329	30,000	48,952	75,000
592-901-772-0000	TREES	0	8,668	0	0	25,000
	SUPPLIES	16,936	65,997	30,000	48,952	100,000
CAPITAL OUTLAY						
592-901-973-1000 *	WATERMAIN REPLACEMENT	(18,675)	0	1,843,000	425,815	2,043,000
592-901-974-7000	COMMERCIAL METERS	(18,145)	1,556	0	0	0
	CAPITAL OUTLAY	(36,820)	1,556	1,843,000	425,815	2,043,000
CAPITAL OUTLAY						
592-901-973-2000	SEWER REHABILITATION/REPLACEMENT	18,675	0	625,000	0	0
592-901-982-0000 *	MACHINERY AND EQUIPMENT	(49,285)	0	97,000	10,036	31,000
592-901-985-0000 *	VEHICLES	63,084	14,521	200,000	134,661	295,000
592-901-987-0000 *	IMPROVEMENTS	8,790	4,330	645,750	2,095	150,000
	CAPITAL OUTLAY	41,264	18,851	1,567,750	146,792	476,000
Totals for dept 901 - WATER & SEWER CAPITAL OUTLAY		215,119	324,208	3,647,110	761,652	2,946,043
Dept 916 - DEBT SERVICE						
OTHER SERVICES AND CHARGES						
592-916-817-5000	BOND ISSUANCE COSTS	310	0	310	250	310
	OTHER SERVICES AND CHARGES	310	0	310	250	310
DEBT						
592-916-992-1000	BOND PRINCIPAL	0	0	122,075	122,075	125,288
592-916-993-9975	BOND INTEREST	53,678	39,324	29,328	15,506	25,789
592-916-998-9990	PAYING AGENT FEES	53	300	200	0	300
	DEBT	53,731	39,624	151,603	137,581	151,377
Totals for dept 916 - DEBT SERVICE		54,041	39,624	151,913	137,831	151,687
Dept 965 - TRANSFERS OUT						
TRANSFER						
592-965-995-6000	TRANSFER TO GENERAL FUND	0	0	20,000	20,000	0
	TRANSFER	0	0	20,000	20,000	0
Totals for dept 965 - TRANSFERS OUT		0	0	20,000	20,000	0
TOTAL APPROPRIATIONS		11,595,669	12,175,536	15,493,976	9,894,100	15,361,947
NET OF REVENUES/APPROPRIATIONS - FUND 592		3,846,059	2,930,243	0	(535,811)	0
DEPARTMENT 010 WATER SALES						
642-6430	RESIDENTIAL WATER SALES					
WATER RATE INCREASE OF 5.7% (\$5.01) SEWER RATE INCREASE OF 4.74% (\$7.29) (COMBINED 5.128%)						2,598,221
					DEPT. '010' TOTAL	2,598,221
DEPARTMENT 551 WATER SYSTEM MAINTENANCE						

Fund: 592 WATER AND SEWER FUND

GL NUMBER	DESCRIPTION	2023-24 ACTIVITY	2024-25 ACTIVITY	2025-26 AMENDED BUDGET	2025-26 ACTIVITY THRU 06/30/26	2026-27 DEPT REQ BUDGET
818-0000	CONTRACTUAL SERVICES					
	WATERMAIN BREAK REPAIRS					100,000
	WATERMAIN BREAK RESTORATION & CONCRETE WORK					70,000
	CROSS-CONNECTION CONTROL PROGRAM INSPECTIONS					65,000
	EPA MANDATED STAGE 2 DDBP WATER TESTING					1,000
	VALVE INSTALLATION AND REPAIR					5,000
	ANNUAL LEAK DETECTION PROGRAM					10,000
	LARGE METER TESTING & REPAIR					4,000
	AMR MAINTENANCE AND REPAIR					10,000
	BACKFLOW TESTING & REPAIR (ALL BUILDINGS)					5,000
					DEPT. '551' TOTAL	270,000
DEPARTMENT 552 WATER TAPPING & INSTALLATION						
818-0000	CONTRACTUAL SERVICES					
	WATER TAPPING & SERVICE CONNECTIONS					10,000
	TAPPING RESTORATION & CONCRETE WORK					10,000
					DEPT. '552' TOTAL	20,000
DEPARTMENT 560 SEWER SYSTEM MAINTENANCE						
818-0000	CONTRACTUAL SERVICES					
	CONCRETE & RESTORATION					40,000
	SEWER BREAK REPAIRS					15,000
	SANITARY SEWER ROOT TREATMENT					14,000
	EMERGENCY BACKUP RENTAL FOR SEWER JETTING					1,000
					DEPT. '560' TOTAL	70,000
DEPARTMENT 565 WATER - GENERAL SERVICE BLDG						
818-0000	CONTRACTUAL SERVICES					
	GRASS CUTTING & WEED CONTROL					10,200
	HVAC MAINTENANCE					5,550
	ELECTRICAL CONTRACTOR					3,000
	OVERHEAD DOOR REPAIRS/MAINTENANCE					4,000
	FIRE ALARM & SPRINKLER INSPECTIONS/MAINTENANCE					4,000
	FLOOR MAT RENTAL					3,300
	ALARM SERVICE					2,100
	ROOF MAINTENANCE					4,000
	LOCK & KEY WORK					500
	PLUMBING CONTRACTOR					600
	FENCE REPAIR & MAINTENANCE					500
	TIME RECORDER MAINTENANCE					200
	PEST CONTROL					1,700
	FIRST AID KIT MAINTENANCE					500
	CARPET & FURNITURE CLEANING					700
					DEPT. '565' TOTAL	40,850
DEPARTMENT 590 WATER & SEWER GENERAL ADMIN						
818-0000	CONTRACTUAL SERVICES					
	GLWA TECHNICAL CONSULTING					3,000
	NPDES PERMIT PUBLIC STORMWATER EDUCATION					4,850

Fund: 592 WATER AND SEWER FUND

GL NUMBER	DESCRIPTION	2023-24 ACTIVITY	2024-25 ACTIVITY	2025-26 AMENDED BUDGET	2025-26 ACTIVITY THRU 06/30/26	2026-27 DEPT REQ BUDGET
	MS4 STORMWATER SERVICES					18,000
	PREMISE HEALTH (ALLOCATION BASED ON NUMBER OF W/S EMPLOYEES					24,000
	SKYNET INFORMATION TECHNOLOGY SERVICES (25% W/S / 75% GF)					81,321
					ACCOUNT '818-0000' TOTAL	532,021
818-3000	COMPUTER SERVICES					
	BS&A AP (75% GEN, 25% W/S)					336
	BS&A ACCESS MY GOV ONLINE (75% GEN, 25% W/S)					876
	BS&A CR (75% GEN, 25% W/S)					336
	BS&A FIXED ASSETS (75% GEN, 25% W/S)					337
	BS&A GL (75% GEN, 25% W/S)					394
	BS&A HR (75% GEN, 25% W/S)					854
	BS&A MR (75% GEN, 25% W/S)					336
	BS&A PERMIT (75% GEN, 25% W/S)					464
	BS&A PAYROLL (75% GEN, 25% W/S)					434
	BS&A PO (75% GEN, 25% W/S)					336
	BS&A UTILITY BILLING					16,214
	AUTOMATED METER READING SOFTWARE					17,500
	CIVIC PLUS WEBSITE (75% GEN, 25% W/S)					3,200
	COUNCIL INTERNET ACCESS (75% GEN, 25% W/S)					902
	CIVIC PLUS - MASS NOTIFICATION (75% GEN, 25% W/S)					950
	LOOMLY (75% GEN, 25% W/S)					147
	ADOBE LICENSES (75% GEN, 25% W/S)					4,113
	ANTIVIRUS (75% GEN, 25% W/S)					791
	CLOUD BACKUP (75% GEN, 25% W/S)					1,110
	365 CLOUD BACKUP VEEAM & SUPPORT LIC (75% GEN, 25% W/S)					2,298
	EMAIL SECURITY (75% GEN, 25% W/S)					1,231
	FIREWALL SUBSCRIPTION 2-YR (75% GEN, 25% W/S)					871
	FIREWALL SUPPORT 2-YR (75% GEN, 25% W/S)					165
	HR SOFTWARE (CRITERION) (75% GEN, 25% W/S)					1,471
	MICROSOFT LICENSES (75% GEN, 25% W/S)					17,027
	MULTIFACTOR AUTHENTICATION					2,454
	VMWARE LICENSE SUBSCRIPTION (75% GEN, 25% W/S)					1,031
	VMWARE SUPPORT SUBSCRIPTION (75% GEN, 25% W/S)					1,428
	XEROX (LEASE + METER EXCESS) (75% GEN, 25% W/S)					8,391
					ACCOUNT '818-3000' TOTAL	85,997
958-0000	MEMBERSHIPS AND DUES					
	EGLE PUBLIC WATER SUPPLY - ANNUAL FEE					14,000
	NPDES STORM WATER PERMIT					4,000
	CLINTON RIVER WATERSHED COUNCIL CITY MEMBERSHIP					2,151
	MISS DIG SYSTEM ANNUAL MEMBERSHIP					3,100
	AMERICAN WATER WORKS ASSOC. MEMBERSHIPS					436
	AMERICAN PUBLIC WORKS ASSOC. MEMBERSHIPS					460
					ACCOUNT '958-0000' TOTAL	24,147
728-1000	COMPUTER SUPPLIES					
	CITY-WIDE COMPUTER REPALCEMENTS (75% GF / 25% WS)					12,000
	FIREWALL UPDATES (75% GF / 25% WS)					25,000
	COMPUTER SUPPLIES					3,000
					ACCOUNT '728-1000' TOTAL	40,000
729-0000	FORMS AND PRINTING					

Fund: 592 WATER AND SEWER FUND

GL NUMBER	DESCRIPTION	2023-24 ACTIVITY	2024-25 ACTIVITY	2025-26 AMENDED BUDGET	2025-26 ACTIVITY THRU 06/30/26	2026-27 DEPT REQ BUDGET
	DOOR HANGERS/TAGS/MISCELLANEOUS PRINTING					500
	NPDES/STORMWATER PUBLICATIONS					100
				ACCOUNT '729-0000' TOTAL		600
				DEPT. '590' TOTAL		281,915
DEPARTMENT 901 WATER & SEWER CAPITAL OUTLAY						
818-3000	COMPUTER SERVICES					
	BS&A UPGRADE TO CLOUD VERSION					114,769
973-1000	WATERMAIN REPLACEMENT					
	R-3 SHIRLEY AVENUE (TWELVE MILE TO ROSE STREET)					343,000
	R-3 ROSE STEET (SOUTH TERMINUS TO ELLIOT AVENUE)					216,000
	R-3 ROSE STREET (ELLIOTT AVENUE TO NORTH TERMINUS)					375,000
	R-3 HALES STREET (JENNIFER AVENUE TO PARLIMAENT AVENUE)					131,000
	R-3 HECHT DRIVE (JOHN R ROAD TO SONIA/HECHT AVENUE)					158,000
	R-3 HECHT DRIVE (SONIA/LORENZ STREET)					310,000
	HAMPDEN - ELEVEN MILE TO UNIVERSITY					255,000
	LENOX - ELEVEN MILE TO UNIVERSITY					255,000
				ACCOUNT '973-1000' TOTAL		2,043,000
982-0000	MACHINERY AND EQUIPMENT					
	TOOLBOX REPLACEMENT					6,000
	EQUIPMENT TRAILER					25,000
				ACCOUNT '982-0000' TOTAL		31,000
985-0000	VEHICLES					
	#453 - 2013 GMC CARGO VAN					65,000
	#462 - 2012 GMC ONE TON DUMP TRUCK					80,000
	#464 - 2014 TANDEM AXLE DUMP TRUCK (PHASE 2 OF 2)					150,000
				ACCOUNT '985-0000' TOTAL		295,000
987-0000	IMPROVEMENTS					
	HVAC (PHASE II FUNDING)					150,000
				DEPT. '901' TOTAL		2,633,769

**Water Bill Rate Analysis**

**Madison Heights Rank in Water/Sewer Charges**

*Rates shown below are for FY 2026 for all communities except Madison Heights. Madison Heights rates are the proposed FY 2027. It is anticipated that all other communities will be increasing their rates a minimum of 5%.*

*Based on Consumption Average of 12 Units  
a unit is 100 cubic feet of water of 748 gallons of water.*

Municipality	Cost of Water	Sewage Disposal	Meter Service Charges	Flat Charges	Other	Total Average Bill
Birmingham	\$106.44	\$154.56	\$5.00	\$73.25		\$ 339.25
Berkley	\$148.20			\$127.09		\$ 275.29
Rochester Hills	\$93.60	\$85.20	\$3.06	\$88.26		\$ 270.12
Ferndale	\$208.20			\$20.00		\$ 228.20
Clawson	\$45.67	\$115.01	\$48.12			\$ 208.80
Royal Oak (1st 20 units)	\$69.24	\$122.16	\$17.00			\$ 208.40
Huntington Woods			\$17.00	\$183.84		\$ 200.84
Oak Park	\$68.28	\$73.56	\$5.00	\$41.99		\$ 188.83
Hazel Park	\$87.60	\$92.52				\$ 180.12
Southfield	\$71.52	\$102.53	\$0.00			\$ 174.05
St. Clair Shores	\$80.64	\$91.51				\$ 172.15
Lahtrup Village	\$57.60	\$108.00				\$ 165.60
Pleasant Ridge	\$54.96	\$55.97		\$49.83		\$ 160.76
Shelby Township	\$53.04	\$77.04			\$25.72	\$ 155.80
Madison Heights	\$60.12	\$87.48				\$ 147.60
Warren	\$58.04	\$50.38			\$11.52	\$ 119.94
Troy	\$113.52					\$ 113.52
Orion Township	\$54.84	\$41.77				\$ 96.61

**Water/Sewer Revenues 2026-27 - BUDGET ESTIMATES**

\$ 54,857 1%  
 \$ 80,550 1%

		<b>Residential</b>		<b>Commercial</b>			
	Date	Water Consumption	Sewer Consumption	Date	Water Consumption	Sewer Consumption	
	Feb-26	38,279	38,279	Feb-26	52,860	52,860	
	Jan-26	44,928	44,928	Jan-26	40,599	40,599	
	Dec-25	48,078	48,078	Dec-25	56,950	56,950	
	Nov-25	39,330	39,330	Nov-25	58,248	58,248	
	Oct-25	53,024	53,024	Oct-25	65,449	65,449	
	Sep-25	48,854	48,854	Sep-25	62,829	62,829	
	Aug-25	37,505	37,505	Aug-25	64,271	64,271	
	Jul-25	42,496	42,496	Jul-25	54,651	54,651	
	Jun-25	39,559	39,559	Jun-25	46,405	46,405	
	May-25	35,033	35,033	May-25	38,857	38,857	
	Apr-25	47,076	47,076	Apr-25	46,338	46,338	
	Mar-25	44,445	44,445	Mar-25	51,263	51,263	
<b>Units</b>		<b>518,607</b>	<b>518,607</b>		<b>638,720</b>	<b>638,720</b>	
<b>Revenues</b>		<b>2,598,221</b>	<b>3,780,645</b>		<b>3,199,987</b>	<b>4,656,269</b>	
<b>FY 2027</b>		<b>5,010</b>	<b>7,290</b>	<b>12,300</b>			
<b>FY 2026</b>		4,740	6,960	11,700			-5.128%
Water Revenue	\$	5,798,208	Using March 2025-Feb 2026				
Sewer Revenue	\$	8,436,914	Using March 2025-Feb 2026		2,598,221	590-010-642-6430	
Meter Charges	\$	585,983			3,199,987	592-010-642-6440	
					8,436,914	592-020-630-6115	
					14,235,122		

**TABLE VII**  
**FY 2026-31 CAPITAL IMPROVEMENT PLAN**  
**PRIORITY NON-R WATER MAIN PROJECTS**  
**(BASED ON CURRENT COSTS)**

LOCATION NUMBER	PROJECTED FISCAL YEAR	WATERMAIN LOCATION	LENGTH (FEET)	ESTIMATED COST (IN 2024)
1	2025-26	Park Ct. - 11 Mile to Northeastern	1,350	417,150
2	2026-27	Lenox - Eleven Mile to University	800	254,616
3	2026-27	Hampden - Eleven Mile to University	800	254,616
4	2027-28	Wrenson - Gardenia to Forest	650	213,083 ✓
5	2028-29	Bernie Lane - Goldin to Rialto	950	320,772 ✓
6	2028-29	Park Ct. 12 Mile to Darlene	2,450	827,243 ✓
7	2028-29	Ronald - Hales to Park Ct.	750	253,238 ✓
8	2029-30	Milton - Twelve Mile to Cynthia	1,300	452,113 ✓
9	2029-30	Milton - Cynthia to Dulong	1,200	417,336 ✓
10	2029-30	Beverly Drive - Dequindre to Heights Dr.	1,200	417,336 ✓
11	2030-31	Lincoln - John R to Service Drive (South Main)	2,300	823,891 ✓
12	2031-32	Lincoln - John R to Service Drive (North Main)	2,300	848,608
13	2031-32	Diana - Park Ct. to Denise	750	276,720
14	2031-32	Groveland - 12 Mile to Katherine	875	322,840
Totals			17,675	6,099,562

These costs assumes an estimated unit price of \$309 per linear foot cost for water main installation (plus 3% rate of inflation each year) including pipe, hydrants, valves, taps, hauling sand, contractual labor cost, City labor costs, and also includes landscape, ROW tree replacement, sidewalk and drive approach restoration relating to the water main installation. A 20% contingency is also included in the unit price for preliminary engineering and construction inspection.

**TABLE VI**  
**FY 2026-31 CAPITAL IMPROVEMENT PLAN**  
**COLLECTION & DISTRIBUTION SYSTEMS**  
**(IN THOUSANDS)**

**APPROPRIATIONS:**

COLLECTION & DISTRIBUTION SYSTEMS	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	TOTAL APPROP.
<b>NON-"R" WATER MAINS</b>								
Edward - Twelve Mile to Page Middle School	402	0	0	0	0	0	0	0
Bernie Lane - Goldin to Rialto	0	0	0	0	321	0	0	321
Beverly Drive - Dequindre to Heights Drive	0	0	0	0	0	417	0	417
Hampden - Eleven Mile to University	0	0	255	0	0	0	0	255
Lenox - Eleven Mile to University	0	0	255	0	0	0	0	255
Milton - Cynthia to Dulong	0	0	0	0	0	417	0	417
Milton - Twelve Mile to Cynthia	0	0	0	0	0	452	0	452
Park Court (11 Mile to Northeastern)	0	417	0	0	0	0	0	0
Park Court (E. 12 Mile to Darlene Avenue)	0	0	0	0	827	0	0	827
Ronald Avenue (Hales Street to Park Court)	0	0	0	0	253	0	0	253
Wrenson - Gardenia to Forest	0	0	0	213	0	0	0	213
Lincoln - John R to Service Drive (South Main)	0	0	0	0	0	0	824	824
<b>SEWER PROJECTS</b>								
Sanitary Sewer Projects	0	625	250	250	250	250	250	1,250
<b>FACILITIES</b>								
Replacement/Repairs to DPS Lot	100	100	0	0	0	0	0	0
2006 Backup Generator #552 (DPS Building)	0	50	0	0	0	0	0	0
DPS Security Improvements	0	20	0	0	0	0	0	0
DPS Fiber Cabling	0	130	0	0	0	0	0	0
DPS Office Renovations Feasibility Study	0	0	0	0	25	0	0	25
DPS Garage Roof Replacement	0	0	0	600	0	0	0	600
DPS Building Painting	0	0	0	100	0	0	0	100
HVAC Ajax	0	300	150	0	0	0	0	150
<b>REPLACEMENTS</b>								
#416 2015 Chevy Impala	0	0	0	38	0	0	0	38
#423 2017 Chevy 3/4 Ton Pickup	0	0	0	0	52	0	0	52
#453 2013 GMC Cargo Van	0	0	65	0	0	0	0	65
#455 2006 John Deere Backhoe	0	140	0	0	0	0	0	0
#462 2012 GMC 1-Ton Dump Truck	0	0	80	0	0	0	0	80
#463 2015 Ford 3/4 Ton Pickup Dump Truck	0	45	0	0	0	0	0	0
#464 2014 Freightliner Tandem Axle Dump Truck	0	0	300	0	0	0	0	300
#465 2003 Sterling Sewer Vactor	0	0	0	450	0	0	0	450
#468 2017 GapVax Sewer Cleaning Truck	0	0	0	0	700	0	0	700
#494 GMC Savana Van	0	0	0	46	0	0	0	46
2015 A/C Machine	0	6	0	0	0	0	0	0
Toolbox Replacements	0	6	6	0	0	0	0	6
Equipment Trailer	0	0	25	0	0	0	0	25
Leak Detection Equipment	0	0	0	0	15	0	0	15
Tire Equipment	18	0	0	0	0	0	0	0
Envirosight Quick-View Camera	19	0	0	0	0	0	0	0
Hoist Rebuild	0	8	0	0	0	0	0	0
Heavy Truck Scan tool	0	0	0	6	0	0	0	6
<b>TOTALS</b>	<b>\$ 539</b>	<b>\$ 1,847</b>	<b>\$ 1,386</b>	<b>\$ 1,703</b>	<b>\$ 2,443</b>	<b>\$ 1,536</b>	<b>\$ 1,074</b>	<b>\$ 8,142</b>
Total Projects	2	7	4	1 4	1 5	1 4	2	19
Total Equipment	2	5	5	4	3	0	0	12

**TABLE IV-C**  
**FY 2026-31 CAPITAL IMPROVEMENT PLAN**  
**R-3 NEIGHBORHOOD PROJECTS**  
**(IN THOUSANDS)**

STATUS	FISCAL YEAR	NEIGHBORHOOD PROJECTS	STORM * DRAIN	SANITARY * SEWER	STREET PAVING	WATER MAIN	ESTIMATED COST
YEAR 7 ROADS							
DONE	2025	Brush Street ( W. LaSalle Avenue to Thirteen Mile Road)	0	0	445	153	598
DONE	2025	Palmer Street (W. Woodside to W. LaSalle Avenue)	0	0	434	0	434
DONE	2025	Brush Street (W. Girard Avenue to W. Woodside Avenue)	0	0	440	162	602
DONE	2025	Hampden Street (W. Greig Avenue to Eleven Mile Road)	0	0	349	0	349
YEAR 8 ROADS							
	2026	Diesing Drive (Bellaire Avenue to Alger Street)	0	0	615	345	960
	2026	Groveland Street (E. Lincoln Avenue to E. Cowan Avenue)	0	0	459	257	716
	2026	E Rowland Avenue (John R. Road to Battelle Avenue)	0	0	457	256	713
YEAR 9 ROADS							
	2027	Palmer Street (W. Parker Street to Diesing Drive)	0	0	546	326	872
	2027	Alger Street (Diesing Drive to Twelve Mile Road)	0	0	180	107	287
	2027	Delton Street ( Eleven Mile Road to E. University Avenue)	0	0	390	233	623
	2027	Osmun Street (Eleven Mile Road to E. University Avenue)	0	0	393	0	393
	2027	Lorenz Street (Eleven Mile Road to E. University Avenue)	0	0	393	235	628
	2027	Lorenz Street (E University Avenue to E. Farnum Avenue)	0	0	451	269	720
YEAR 10 ROADS							
	2028	Shirley Avenue (Twelve Mile Road to Rose Street)	0	0	610	343	953
	2028	Rose Street (South Terminus to Elliot Avenue)	0	0	383	216	599
	2028	Rose Street (Elliott Avenue to North Terminus)	0	0	665	375	1,040
	2028	Hales Street ( Jenifer Avenue to Parliament Avenue)	0	0	233	131	364
	2028	Hecht Drive ( John R Road to Sonia/Hecht Avenue)	0	0	280	158	438
	2028	Hecht Drive ( Sonia Avenue to Sonia/Lorenz Street)	0	0	549	310	859
		TOTALS	\$ 0	\$ 0	\$ 19,677	\$ 7,106	\$ 26,783

\* Included in Street Paving cost estimate.

**TABLE III  
FY 2026-31 CAPITAL IMPROVEMENT PLAN  
NEIGHBORHOOD PROJECTS  
(IN THOUSANDS)**

**APPROPRIATIONS:**

NEIGHBORHOOD PROJECTS	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	TOTAL APPROP.
<b>YEAR 7 ROADS (R-3) 2024</b>								
Brush Street (W. LaSalle to 13 Mile)	445	0	0	0	0	0	0	0
Palmer Street (W. Woodside to W. LaSalle)	434	0	0	0	0	0	0	0
Brush Street (W. Girard to W. Woodside)	440	0	0	0	0	0	0	0
Hampden Street (W Grieg to 11 Mile)	349	0	0	0	0	0	0	0
<b>YEAR 8 ROADS (R-3) 2025</b>								
Diesing Drive (Bellaire Avenue to Alger Street)	345	615	0	0	0	0	0	0
Groveland Street (E. Lincoln Avenue to E. Cowan Avenue)	257	459	0	0	0	0	0	0
E. Rowland Avenue (John R Road to Battelle Avenue)	256	457	0	0	0	0	0	0
<b>YEAR 9 ROADS (R-3) 2026</b>								
Palmer Street (W. Parker Street to Diesing Drive)	0	326	546	0	0	0	0	546
Alger Street (Diesing Drive to W. Twelve Mile Road)	0	107	180	0	0	0	0	180
Delton Street (E. Eleven Mile to E. University Avenue)	0	233	390	0	0	0	0	390
Osmun Street (E. Eleven Mile to E. University Avenue)	0	0	393	0	0	0	0	393
Lorenz Street (E. Eleven Mile to E. University Avenue)	0	235	393	0	0	0	0	393
Lorenz Street (E. Unviserity Avenue to E. Farnum Avenue)	0	269	451	0	0	0	0	451
<b>YEAR 10 (R-3) 2027</b>								
Shirley Avenue (Twelve Mile Road to Rose Street)	0	0	343	610	0	0	0	953
Rose Street (South Terminus to Elliot Avenue)	0	0	216	383	0	0	0	599
Rose Street (Elliott Avenue to North Terminus)	0	0	375	665	0	0	0	1,040
Hales Street (Jenifer Avenue to Parliament Avenue)	0	0	131	233	0	0	0	364
Hecht Drive (John R Road to Sonia/Hecht Avenue)	0	0	158	280	0	0	0	438
Hecht Drive (Sonia/Lorenz Street)	0	0	310	549	0	0	0	859
<b>Year 1 (R-4) 2028</b>								
To Be Determined	0	0	0	1,351	2,421	0	0	3,772
<b>Year 2 (R-4) 2029</b>								
To Be Determined	0	0	0	0	1,236	2,469	0	3,705
<b>Year 3 (R-4) 2030</b>								
To Be Determined	0	0	0	0	0	1,362	2,519	3,881
<b>TOTALS</b>	<b>\$ 2,526</b>	<b>\$ 2,701</b>	<b>\$ 3,886</b>	<b>\$ 4,071</b>	<b>\$ 3,657</b>	<b>\$ 3,831</b>	<b>\$ 2,519</b>	<b>\$ 17,964</b>
Total Projects	7	8	12	6	6	6	6	36
Total Equipment	0	0	0	0	0	0	0	0

**REVENUES:**

NEIGHBORHOOD PROJECTS	GENERAL FUND	MAJOR/ LOCAL FUND	SPECIAL ASSESS.	ROAD MILLAGE	WATER & SEWER FUND	OTHER REVENUES	TOTAL REVENUE
<b>YEAR 9 ROADS (R-3) 2026</b>							
Palmer Street (W. Parker Street to Diesing Drive)	0	0	0	546	0	0	546
Alger Street (Diesing Drive to W. Twelve Mile Road)	0	0	0	180	0	0	180
Delton Street (E. Eleven Mile to E. University Avenue)	0	0	0	390	0	0	390
Osmun Street (E. Eleven Mile to E. University Avenue)	0	0	0	393	0	0	393
Lorenz Street (E. Eleven Mile to E. University Avenue)	0	0	0	393	0	0	393
Lorenz Street (E. Unviserity Avenue to E. Farnum Avenue)	0	0	0	451	0	0	451
<b>YEAR 10 (R-3) 2027</b>							
Shirley Avenue (Twelve Mile Road to Rose Street)	0	0	0	610	343	0	953
Rose Street (South Terminus to Elliot Avenue)	0	0	0	383	216	0	599
Rose Street (Elliott Avenue to North Terminus)	0	0	0	665	375	0	1,040
Hales Street (Jenifer Avenue to Parliament Avenue)	0	0	0	233	131	0	364
Hecht Drive (John R Road to Sonia/Hecht Avenue)	0	0	0	280	158	0	438
Hecht Drive (Sonia/Lorenz Street)	0	0	0	549	310	0	859
<b>Year 1 (R-4) 2028</b>							
To Be Determined	0	0	0	2,421	1,351	0	3,772
<b>Year 2 (R-4) 2029</b>							
To Be Determined	0	0	0	2,469	1,236	0	3,705
<b>Year 3 (R-4) 2030</b>							
To Be Determined	0	0	0	2,519	1,362	0	3,881
<b>Total</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 12,482</b>	<b>\$ 5,482</b>	<b>\$ 0</b>	<b>\$ 17,964</b>

<b>1. Rate Structure</b>	100%	100%
	FY 2026	FY 2027
	actual	estimate
Water	4.74	5.01
Sewer	6.96	7.29
	10 unit minimum	

**2. Monthly Consumption**

	Jan-26	Feb-26	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25 Annual	
billed - Residential	44,928	38,279	44,445	47,076	35,033	39,559	42,496	37,505	48,854	53,024	39,330	48,078	
billed - Commercial	40,599	52,860	51,263	46,338	38,857	46,405	54,651	64,271	62,829	65,449	58,248	56,950	1,157,327 Total Units Billed in a Rolling Year

**3. Rate Projections** 14,397,309

\*\*\* If bills are increased more than 10% consider a reduction of usage by 3%.

\* Rates exclude stormwater below. Stormwater is included in other.

	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	
<b>Current Method - annually</b>	<b>5.13%</b>	<b>4.25%</b>	<b>11.40%</b>	<b>6.00%</b>	<b>1.25%</b>	
Revenue Estimates - rates	14,235,122	14,840,115	16,531,888	17,523,801	17,742,849	80,873,774 Revenue from rates
Revenues Other	964,638	983,931	1,003,609	1,023,682	1,044,155	5,020,015 Other Revenues
Expenditure Estimates	15,361,947	16,662,324	18,919,959	18,470,350	17,993,589	87,408,169 Estimated Expenditures
Net Revenues	(162,187)	(838,279)	(1,384,462)	77,133	793,415	(1,514,380.10) Projected use of fund balance
Unrestricted Net Reserve	4,999,417	4,161,138	2,776,677	2,853,809	3,647,224	
minimum req. reserve	2,814,486	2,692,920	2,773,708	2,856,919	2,942,627	
	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	
<b>Rate Smoothing</b>	<b>5.13%</b>	<b>6.20%</b>	<b>6.20%</b>	<b>6.20%</b>	<b>6.20%</b>	
Revenue Estimates - rates	14,235,122	15,117,700	16,054,997	17,050,407	18,107,532	80,565,757 Revenue from rates
Revenues Other	964,638	983,931	1,003,609	1,023,682	1,044,155	5,020,015 Other Revenues
Expenditure Estimates	15,361,947	16,662,324	18,919,959	18,470,350	17,993,589	87,408,169 Estimated Expenditures
Net Revenues	(162,187)	(560,694)	(1,861,353)	(396,262)	1,158,098	(1,822,396.89) Projected use of fund balance
Unrestricted Net Reserve	4,999,417	4,438,723	2,577,371	2,181,109	3,339,207	
minimum req. reserve	2,814,486	2,692,920	2,773,708	2,856,919	2,947,627	

This assumes similar rate increases from gLWA and WRC as FY 2027 based on their memo from 1/13/26.

Group agrees the five years is more realistic.

<b>3. Unrestricted Net Reser</b>	June 30 2025 actual	6,445,538
Budgeted Use FY 2026		1,283,934
Minimum Required Reserve		<b>\$ 2,814,486</b> 16% of operations plus debt service
Estimated Balance June 30, 2027		<b>\$ 4,999,417</b>

**4. Debt Service**

Year	Expected Expenses
FY 2027	151462
FY 2028	151403
FY 2029	151076
FY 2030	151076
FY 2031	151049

**5. Capital**

Year	Expected Expenses
FY 2027	2,915,706
FY 2028	3,267,083
FY 2029	5,080,253
FY 2030	4,184,785
FY 2031	3,259,891



**Office of the Chief Executive**  
735 Randolph Street, Suite 1900  
Detroit, Michigan 48226

**Delivered via Email**

January 13, 2026

Rates were approved  
2/25/26

To Our Member Partners:

On behalf of the Great Lakes Water Authority (GLWA), we look forward to engaging with you at the upcoming Charges Rollout #3 Meeting where we review the preliminary, proposed charges for FY 2027.

### **Proposed FY 2027 Charges Foundational Considerations**

Requests for budget and charges increases are not presented lightly. This year's proposals are based on multiple long-term planning scenarios, strategy development, internal reviews, and discussions with our Board of Directors.

The proposed charges are being presented to you as GLWA enters its 11<sup>th</sup> year of operations. This is an important inflection point as many of the long-term concepts established 10 years ago have become reality through our collaboration. As a region, we knew that there would be significant capital investment needed. We knew there were unresolved Member Partner contract matters. We also knew that affordability would remain at the forefront of our decision making.

As we move into our next decade, we have the talent, partnerships, and data to support responsible, strategic investment in infrastructure which will help us continue to meet the reliable service level expectations of our Member Partner communities. We also now have a well-vetted strategy for addressing the significant infrastructure needs of our water transmission system, and any remaining outstanding Member Partner contract disputes are nearing resolution.

However, while understanding that system needs are greater than ever before, we must also remain focused on the affordability of our charges. We know that this financial burden cannot be placed entirely on our Member Partners and the households and businesses they serve across our region. We are actively seeking other long-term funding solutions to help address the failures of aging infrastructure that can disrupt daily life, the growing need to protect people and property from the impacts of intense weather events, and the regulatory requirements created by ever evolving environmental concerns. GLWA leadership is committed to advancing conversations around meaningful, long-term affordability while also addressing current needs through the proposed charges for FY 2027.

## Proposed FY 2027 Charges

*Water System - Proposed System-Wide Charges Revenue increase of 6.55%* - There are three key drivers of this increase.

- ✓ **Increase in infrastructure needs** – In December 2025, we presented the Comprehensive Water Transmission Main Renewal Strategy at the One Water Partnership Meeting. This strategy is based on a detailed condition assessment performed over the past few years, often referred to as the Linear System Integrity Program (LSIP). Knowing that despite considerable investment to date, the water transmission system needs continue to grow. For this reason, we have developed a well-defined roadmap to optimize further investment in our linear assets. While age is a factor (83.6 miles presently exceed their useful life), so are the types of pipe, likelihood of failure, and consequence of failure. **To meet this challenge, our team indicates that we need to ramp up to \$75 million in annual spend by 2035. This year's budget reflects an investment of \$7.5 million (or 10% of that amount) to advance the strategy while we also advance conversations and education around the topic of long-term sustainable infrastructure funding.**
- ✓ **Decrease in investment earnings** – Over the past few years, the economy was good for our professionally managed investment portfolio. Significant investment earnings during that time allowed us to maintain lower charge increases. However, as the Federal Reserve continues to lower interest rates, the earnings forecast for our investment portfolio will continue to decline. **The forecasted reduction in water system investment earnings is \$4.0 million which translates to a charge increase of almost one-percent (0.97%).**
- ✓ **Decreased water sales volumes and other adjustments** - There are two other notable factors that impact charges. First, water consumption continues to drop, as has been the trend in recent years. Given that most of our expenses are fixed, the cost per unit inherently increases. Second, and perhaps more positive, long-term, unresolved Member Partner matters continue on a path toward resolution. This results in charge relief for the involved communities, with only a modest impact to others, to achieve better alignment among all Member Partners.

*Sewer System - Proposed System-Wide Charges Revenue increase of 5.93%* - There are three key drivers of this increase.

- ✓ **Increase in infrastructure needs** - The pace of much needed rehabilitation projects at the Water Resource Recovery Facility (WRRF) has been advanced. This is largely due to successfully securing low-interest State Revolving Fund loans, as well as grant funding. This creates a peak in capital investment and in the budgetary resources needed to complete these projects. Advancing the projects with lower interest rate loans and grants means lower overall costs of borrowing for the system.
- ✓ **Decrease in investment earnings** – As noted for the water system, the economy was good for our professionally managed investment portfolio over the past few years and significant investment earnings lowered previous charge increases. Current Federal rate policy, however, indicates that investment returns will be lower in the foreseeable future. The decline in sewer system investment earnings is \$4.1 million which translates to a charge increase of 0.78%.
- ✓ **Decreased other sewer system revenues and other adjustments** - There are two other notable factors that impact charges. First, there is a slight decrease in revenue from the Industrial Waste Control Charges and Pollutant Surcharges due to volume and loadings. This increases Member Partner charges by 0.05%. Second, there are two unique, long outstanding Member

Partner adjustments that move their charge calculation inputs toward alignment among all Member Partners. This results in charge relief for those communities with only a modest impact to other communities.

Despite the proposed increases for FY 2027, as well as absorbing several years of double digit increases in chemical, utility, construction and other costs, it is important to note that, **the 10-year average increase for the water system is 3.15% and 2.02% for the sewer system.**

### **Next Steps**

Accompanying this letter is an email with the preliminary, proposed charges calculation worksheet for your community. We will review this information at the upcoming Charges Rollout #3 meeting on January 15, 2026. The public hearing on both the budget and charges is scheduled for February 25, 2026, after further review by the Audit Committee and Board of Directors. As is past practice, we may make some adjustments to the budget and perform final validation on information, calculations, and assumptions. The proposed charges calculation worksheets for the Public Hearing will be distributed to Member Partners on or before January 26, 2026.

Our primary objective continues to be one of providing you, our Member Partners, with wholesale water and wastewater services of the highest quality at a fair and equitable cost. We believe that the proposed budget and related proposed charges responsibly do just that.

Thank you so much for your partnership as we navigate together into the future. We are One Water.

Sincerely,

  
Suzanne R. Coffey, P.E.  
Chief Executive Officer