



The purpose of this flyer is to explain the current water billing procedure, costs, and plans.

Definitions:

GLWA – Great Lakes Water Authority – is the entity that was formerly the Detroit Water System. This is where the water is purchased from.

SEMSD - Southeast Macomb Sanitary District – is the entity that administers the disposal of our sewage.

Unit of water – 1 unit of water equals 749 gallons of water.

Wet Sanitary System – An older sewer system that has infiltration. Some sources of infiltration are household footing drains, sump pumps, ground water that can flow through cracks in old pipes, and illicit cross connections between the storm and sanitary pipes.

Beginning in July 2022, the charges on the water bill were displayed dramatically different than in previous years. City Council asked the administrative staff, in an effort to be more transparent, to provide a better breakdown of the charges related to the utility bills. The utility bill now reflects the charges we receive for water & sewer as well as the operation charge to maintain the system and the debt service charge for infrastructure improvements.

1. How are the water charges calculated?

GLWA currently calculates our wholesale water rates based on 6 measures: annual volume, max day volume, peak hour volume, distance, elevation, and wholesale meters. These measures are used to calculate and determine our percentage share of the entire system. That percentage is then used to calculate a fixed monthly charge and the monthly volumetric rate. To help understand this, the following example is provided; For 2023, GLWA will charge GP Woods a fixed monthly rate of \$69,400 and a commodity charge of \$7.50/Mcf (1000 Cu. ft), while Grosse Pointe Shores fixed monthly charge is \$19,200 and a commodity charge of \$13.75/Mcf. If you compare the number of retail customers in each city, GP Woods has about 6000, and GPS has about 1100. If you spread the fixed monthly costs in GPW, it is about \$11.56/customer, and in GPS it is about \$17.45/customer.

2. Why would we get charged more than Grosse Pointe Woods?

The current rate methodology was created, almost 30 years ago, to encourage cities to smooth out peak water demands, create, and use sprinkler ordinances, build water towers, etc. Grosse Pointe Shores is a relatively high peak water consumer, we use a lot of water in the summertime during non-exempt times and very little water in the wintertime. This type of water consumption results in a higher rate. Therefore, this year; the City Council passed the Water Restriction Ordinance to try to reduce the peak hour usage, so to be able to negotiate a lower rate. Grosse Pointe Woods built a water tower, which stores water and uses that during peak hours. Grosse Pointe Shores did look at building and installing a water tower several years ago and due to opposition from residents it was decided not to go forward. GLWA is currently reviewing the methodology that is used to calculate rates. We have a member who now sits on this sub-committee and is working with other small communities to express our concerns about the rates. We are working within the process to promote change to a new methodology.

3. Until the methodology changes, what is the city doing?

As part of our current contract with GLWA, in June we had our 5-year contract reopener and we were able to negotiate a lowering of our rates by 4%, for the 2024 billing cycle. Since we just enacted the new water ordinance in May, our new ordinance had no effect in this lowering of the rates since we could not provide data to show a lowering in the peak hour. If we can prove that our sprinkler ordinance did in fact significantly lower our peak water use during non-exempt time, then we can get an out-of-cycle contract reopener next year for another possible decrease that would take effect in 2025. Keep in mind that these savings could be offset by any increases that we incur from GLWA.

We are also in the design phase for a new pump station, that will take advantage of the storage capacity of our main sewer interceptor. This will reduce the amount of water we pump out during storms and reduce excess flow fees. We are also replacing perforated sanitary manhole lids with a solid and sealed lid, which once again will reduce infiltration. Hawthorne sewer and manholes were relined this year, eliminating more infiltration. These items were all done within the last 2 years, and we are starting to see positive results. We will continue over the next several years to work on the infrastructure to improve the system and reduce costs.

4. Why do we pay more for sewer than for water?

There are 2 basic reasons why sewer costs are more than the water. First, in general it is a more expensive process to treat sewage, than it is to create clean drinkable water. EGLE (formerly DEQ) has put a lot of pressure on treatment facilities to clean up our lakes and streams, which makes it more expensive every year. The 2nd reason is because we annually pump over twice as much sewage compared to the fresh water that we use. In 2021, Grosse Pointe Shores pumped about 290 million gallons of raw sewage, and during the same period we used 140 million gallons of fresh water. These numbers are gathered from our GLWA wholesale meters, and the meters that are inside of our sewage pump station. Because we have what is technically called a “wet sanitary system”, which means there is infiltration in the system, our costs are higher. Some sources of infiltration include household footing drains, sump pumps, ground water that can flow through cracks in old pipes, and illicit cross connections between the storm and sanitary pipes. We recently performed smoke testing through out the system, which showed where some of the infiltration is taking place. We began and continue to address those areas, which have already resulted in over \$50,000 in annual saving on our sewage bills.

5. What is the operational charge on the water bill?

The operational charge (currently \$79.49) is for the day-to-day costs of running the system. The cost of employees, equipment, materials, parts, water main repairs, sewer cleaning, etc. are all part of the operational line item.

6. What is the debt service charge on the bill?

The debt service charge (currently \$25.91) is the current dollar amount used to pay back the bond issued for infrastructure work currently being performed on Lake Shore, Oxford, and Hawthorne. The City Council authorized a 16.3 million bond for the infrastructure work to the water and sewer system. The amount being paid on the bill will fluctuate as more of the bond is used. Currently, the city has sold 8.3 million dollars in bonds and is paying only interest in the first three years.

7. Could we use deduct meters to separate what water we use to sprinkle lawns, thus reducing bills?

As previously discussed, we have a wet system and because of that the residential deduct meters used for sprinklers would not change the amount we pay for sewage. The city still must pass the cost of the sewage treatment bills from SEMSD to the residents.

8. How much money does the city make from the utility bills?

(See attached sheet on last page from the most current audit report attached.)

9. Why are we paying for Highland Park bad debt?

Currently, Grosse Pointe Shores is no longer paying anything for the Highland Park bad debt. In 2008, the State of Michigan ordered DWS / GLWA to continue to provide services to Highland Park and the debt was spread to all the users of the system. Grosse Pointe Shores had contributed \$20,800 in total for Highland Park bad debt on the water side, and \$14,000 in total for the sewer side since 2008. Due to recent litigation, Highland Park has been ordered to pay for their water and sewer services. We are hoping that as part of the litigation that we will at some point will be reimbursed for are payments.

10. How does the city register my water usage?

The Village of GPS has installed radio read devices in most of the homes in the Village. The radios transmit meter read information to an antenna system located at the Village offices daily. If the radio is unable to transmit a reading to the antenna system, an estimated read will be provided based on previous water usage, or a manual read will be collected (if time permits) before the billing cycle ends.

11. How do I read my water meter?



Flow Indicator

Used when measuring very low flow through the meter.

Meter Dial

One full rotation of the meter dial is 1 cubic foot.

Leak Indicator

If no water is being used inside or outside, this indicator should not be moving. If it is rotating, you may have a leak

Meter Register

Reading the meter from left to right gives the units of water that have flowed through the meter. To calculate the billed units subtract the current read on the meter from the previous read on the water bill.

Read the first 4 dials from left to right- ignore any black numbers as they are fractions of a cubic foot.

12. I received a higher-than-expected bill, what should I do?

First step is to locate the water meter within the residence and compare the reading on the bill to the meter register, they should be relatively close to the same number of units of water being used. Bills are normally mailed within a few days of the antenna readings so a difference of more than a few units of water indicates that there is a large amount of water being used somewhere within the system. If the triangle indicator on the meter is moving with all known sources of water usage turned off, there is a probable issue or leak at the property. The most common culprits of unseen water usage issues are toilet leaks, sprinkler systems, and running humidifiers.

If the bill is estimated and that has caused a higher-than-expected water bill, please contact the administration office right away. All the meters in the city require an antenna system that relies on batteries. The lifespan of the batteries is on average 10 years, some of the batteries may need replacing earlier than others.

13. Why wasn't I alerted to my water usage being high?

Occasionally the water department will alert residents to higher than usual water usage. Unfortunately, the system alerts are only sensitive to large amounts of water usage (like a line break) or consistently high levels of running water over a period of days... the system is not sensitive to register small amounts of water as an issue at the property. Residents are encouraged to read their meters and occasionally check to see if there are any usage issues.

14. How do I read my water bill?

Water/ Sewer Usage Line Items- GLWA and SEMSD variable rate charge based on WATER usage. Water use is the determining factor for what is charged per unit... The Village is consistently charged about 60% more for sewer usage vs water, which is visible on the water bill. This is a pass-through charge to users of the system and is entirely based on what the water meter is registering at the property.

Operational fee is a fixed cost to users of the system for the cost of operations of the department of public works. This charge is consistent to all users of the system and is standard in other communities, although sometimes called other names such as readiness to serve fee or simply a customer charge. This rate is dependent upon current operational fees, capital improvement planning, and the number of properties available to spread charges across.

Debt Service fee is used to differentiate the currently bonded projects in the city. This fee moves operationally with the debt service requirements set forth by the bond payments. It is again spread to all users of the system equally.

If you have any questions concerning this information or have any other questions not addressed, please call us at the administrative offices at 313-881-6565.

**VILLAGE OF GROSSE POINTE SHORES, A MICHIGAN CITY
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED JUNE 30, 2021**

	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	\$ 2,785,849
Cash paid to other funds	(637,541)
Cash paid to suppliers	(1,658,433)
Cash paid to employees	(81,335)
NET CASH PROVIDED BY OPERATING ACTIVITIES	408,540
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in	167,746
Transfers out	(225,000)
NET CASH (USED) BY NONCAPITAL FINANCING ACTIVITIES	(57,254)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on long-term debt	(144,585)
Interest payments on long-term debt	(23,660)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(168,245)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	183,041
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	\$ 183,041