

STATE OF MICHIGAN  
OAKLAND COUNTY CIRCUIT COURT

JOAN GREENFIELD, individually and as  
representative of a class of  
similarly-situated persons and entities,

Plaintiff,

Case No. 18- -CZ

2018-169707-CZ

Hon.

JUDGE D. LANGFORD MORRIS

v.

CITY OF FARMINGTON HILLS,  
a municipal corporation,

Defendant.

This case has been designated as an eFiling case. To review a  
copy of the Notice of Mandatory eFiling visit  
[www.oakgov.com/efiling](http://www.oakgov.com/efiling).

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There is no other pending or resolved civil action arising out  
of the transaction or occurrence alleged in the complaint.

**PLAINTIFF'S CLASS ACTION COMPLAINT**

Plaintiff Joan Greenfield ("Plaintiff"), by her attorneys, Kickham Hanley PLLC individually  
and on behalf of a class of similarly situated class members, states the following for her Class Action  
Complaint against the City of Farmington Hills (the "City"):

**INTRODUCTION**

1. This is an action challenging the reasonableness of the City's water and sewer rates,  
collectively the "Rates", imposed by the City on citizens who draw water from the City's water  
supply system and who dispose of their sanitary sewage through the City's sewer system.

2. Since at least 2012, the City has set its Rates at a level far in excess of the rates that  
were necessary to finance the actual costs of providing water and sewage disposal services (the "Rate

Overcharge”). The Rates during this period were established in contravention of established water and sewer rate-setting methodologies, and resulted in the creation of cash reserves far in excess of those necessary to support the City’s water and sewer function. Indeed, between June 30, 2012 and current, the City increased its unrestricted cash and investments in the Water and Sewer Fund from an already excessive \$39 million to almost \$80 million through its imposition of the Rate Overcharge.

3. The Rate Overcharges are unlawful because (a) they are arbitrary, capricious and/or unreasonable under common law; (b) they violate the Prohibited Taxes by Cities and Villages Act, MCL 141.91; and (c) they violate the City’s own Ordinance, Sec. 33-265.

### **JURISDICTION AND VENUE**

4. Plaintiff is a water and sewer customer of the City. Plaintiff has paid the charges at issue and seeks to act as a class representative for all similarly situated persons.

5. Defendant City of Farmington Hills (the “City”) is a municipality located in Oakland County, Michigan. The City maintains a Water and Sewer Enterprise Fund (the “Water and Sewer Fund”) and prepares financial statements for that Fund.

6. Venue and jurisdiction are proper with this Court because all parties are present here and the actions which give rise to Plaintiff’s claims occurred in this County.

### **GENERAL ALLEGATIONS**

7. The City has a water supply system (the “Water Supply System”) to provide fresh water to inhabitants of the City. Since January 2016, the City has purchased its water at wholesale from the City of Detroit as managed by the Great Lakes Water Authority (“GLWA”). Prior to January 2016, the City purchased its sewer services directly from the City of Detroit through its Water and Sewerage Department (“DWSD”). *See* Exhibit 1, Water & Sewer Fund “Supplemental

Information” at p. 328. Through a contract with Oakland County (the “County”), the County operates, maintains and administers the City’s Water Supply System.

8. The City establishes Water Rates from time to time through enacted ordinances. Relevant portions of City’s Water and Sewer Ordinance are attached hereto as Exhibit 2 and incorporated herein by reference.

9. Plaintiff has received water service from the City and paid the Water Rates imposed by the City.

10. The City has a sewer system (the “Sewer System”) to provide sewage disposal services to inhabitants of the City. Since January 2016, the City has purchased its sewer services from the Great Lakes Water Authority (“GLWA”). *See* Exhibit 1. Prior to January 2016, the City purchased its sewer services from DWSD. *Id.* Through a contract with Oakland County, the County operates, maintains and administers the City’s Sewer System.

11. The City establishes Sewer Rates from time to time through enacted ordinances. Exhibit 2, City Ordinance § 33-265.

12. Plaintiff has received sewer service from the City and paid the Sewer Rates imposed by the City. The City’s ordinances require the structures used by its citizens to be connected to the City’s Sewer System. Exhibit 2, City Ordinance § 33-30.

13. The City has continuously and systematically violated the common law, MCL 141.91, as well as its own Sewer Rate Ordinance Sec. 33-265, by imposing Rates that exceed the City’s actual cost of providing water and sewer service by millions of dollars.

#### **THE RATE OVERCHARGE**

14. Since at least 2012, the City has set its Rates at a level far in excess of the rates that were necessary to finance the actual costs of providing water and sewage disposal services (the “Rate Overcharge”). The Rates during this period were established in contravention of established water

and sewer rate-setting methodologies, and resulted in the creation of cash reserves far in excess of those necessary to support the City's water and sewer function. Indeed, between July 1, 2012 and July 1, 2018, the City increased its unrestricted cash and investments in the Water and Sewer Fund from \$39 million to almost \$80 million through its imposition of the Rate Overcharge.

15. The City acknowledges that the "measure of its Working Capital (i.e., current assets less current liabilities) reflects the relatively liquid portion of the Water and Sewer Fund capital, which constitutes a margin or buffer for meeting obligations." Exhibit 1 (p. 328). The City further states that it "is essential that the City maintain an adequate level of Working Capital in its Water & Sewer funds to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenses) to ensure stable services and fees." *Id.*

16. To this end, the City intentionally incorporates into the Rates a cost component which is dedicated to increasing its cash reserves. Specifically, the City currently incorporates \$4.69 into the Water Rates (Exhibit 3) and \$2.49 (Exhibit 4) into the Sewer Rate specifically to build its cash reserves.

17. The City acknowledges that the Government Finance Officers Association (GFOA) recommends that "under no circumstances should be the target for working capital be less than 45 days' worth of annual operating expenses and other working capital needs of the utility funds." Exhibit 1 (p. 329).

18. In order to determine the City's "customized target amount" of working capital, the City represented that it reviewed a number of factors such as:

- Support for general government;
- Transfers out;
- Cash cycles;
- Customer concentration;
- Demand for services;
- Control over rates and revenues;
- Asset age and condition;

- Control over expenses;
- Management plans for working capital;
- Separate targets for operating and capital needs; and
- Debt position.

and concluded that the Water & Sewer Fund should have a Working Capital balance of “no less than 25% of total expenses and transfers out, exclusive of depreciation, a non-cash item.” Exhibit 1 (p. 329). The City determined that its target working capital balance of 25% of the fiscal year’s cash-based expenses “provides a reasonable cushion to pay for ongoing expenses in the event of revenue shortfalls, or emergencies requiring unexpected outlays of cash.” *Id.*

19. Despite the City’s determination that it was reasonable to have a Working Capital balance of 25% of the fiscal year’s cash-based expenses, it knowingly accrued and currently maintains a current Working Capital balance of “**331%** of the City’s total projected expenses and transfers-out (less depreciation) for FY 17/18.” Exhibit 1 (p. 330). The City even admits that **331% “is well above the Working Capital Minimum Target of 25% of Total Expenses plus Transfers-out, less depreciation.”** *Id.*

20. Indeed, 25% of the City’s projected 2017/2018 fiscal year’s cash-based expenses would be \$5,985,212. The City’s Working Capital Balance nonetheless totals a whopping \$79,244,211—13 times higher than the City’s “reasonable” Working Capital target.

21. This excessive Working Capital surplus—over 13 times the City’s admitted “reasonable cushion” for the City’s reserve needs—renders the City’s Rates arbitrary, capricious and unreasonable.

22. Despite knowing that its cash reserves are 331% of the total projected expenses and transfers-out (less depreciation) for FY 17/18, and despite having determined that 25% of a FY cash based expenses is reasonable, the City has: (a) not reduced its Rates to a more reasonable level and (b) has not removed the cost components specifically incorporated into the Rates to increase the

City's "Reserves." Moreover, based upon its own budget documents, the City has no plans to do so in the future. Here, in FY 18/19 the City acknowledges that its current Rates will increase its Working Capital to \$80,401,256 by June 30, 2019—rendering a reserve that will be **327%** of the total projected expenses and transfers-out (less depreciation). Exhibit 1 (p. 330). The City has further implemented a debt service charge in the Rates which generates revenues far in excess of the City's actual debt service expense and thus further contributes to the Rate Overcharge.

23. By virtue of the Rate Overcharge described above, the City has accumulated cash reserves in the Water and Sewer Fund far beyond those necessary to ensure the continued provision of water and sewage disposal service to its residents.

24. Under established water and sewer rate-making methodologies and by the City's own determination of reasonableness, 25% of a fiscal year's cash-based expenses (approximately \$5.99 Million for FY 17/18), is more than a sufficient reserve. Accordingly, there was no justification for including the Rate Overcharge in the subsequent fiscal years in order to increase the amount of those reserves.

25. Because the Rate Overcharge was included in the Water and Sewer Rates imposed by the City, each class member paid the Rate Overcharge when they paid their water and sewer bill.

### **CLASS ALLEGATIONS**

26. Plaintiff brings this action as a class action, pursuant to MCR 3.501, individually and on behalf of a proposed class consisting of all persons or entities which have paid the City for water and sanitary sewer service during the relevant class periods.

27. The members of the Class are so numerous that joinder of all members is impracticable.

28. Plaintiff's claims are typical of the claims of members of the Class. Plaintiff is a member of the Class she seeks to represent, and Plaintiff was injured by the same wrongful conduct that injured the other members of the Class.

29. The City has acted wrongfully in the same basic manner as to the entire class.

30. There are questions of law and fact common to all Class Members that predominate over any questions, which, if they exist, affect only individual Class Members, including:

- a. whether the Rate Overcharges imposed by the City are taxes;
- b. whether the Rate Overcharges violate MCL 141.91;
- c. Whether the City has been unjustly enriched by collecting the Rate Overcharges; and
- d. Whether the City should be forced to disgorge the improperly collected Overcharges.

31. Plaintiff will fairly and adequately protect the interests of the Class, and Plaintiff has no interests antagonistic to those of the Class. Plaintiff is committed to the vigorous prosecution of this action, and has retained competent and experienced counsel to prosecute this action.

32. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. The prosecution of separate actions would create a risk of inconsistent or varying adjudications. Furthermore, the prosecution of separate actions would substantially impair and impede the ability of individual class members to protect their interests. In addition, since individual refunds may be relatively small for most members of the class, the burden and expense of prosecuting litigation of this nature makes it unlikely that members of the class would prosecute individual actions. Plaintiff anticipates no difficulty in the management of this action as a class action.

## COUNT I

### **UNJUST ENRICHMENT – UNREASONABLE WATER AND SEWER RATES**

33. Plaintiff incorporates each of the preceding paragraphs as if fully set forth herein.

34. Water and Sewer Rates must be reasonable. *Mapleview Estates v. City of Brown City*, 258 Mich. App. 412.

35. Because the City has set the Rates at a level that has permitted the City to accumulate a cash reserve that is over 13 times the amount that the City admits is reasonable, the Rates are arbitrary, capricious, and unreasonable.

36. As a direct and proximate result of the City's improper conduct, the City has collected tens of millions of dollars to which it is not entitled. By paying the Rate Overcharges, Plaintiff and the Class have conferred a benefit upon on the City.

37. The City has been unjustly enriched because it received Overcharges to which it was not entitled, and it would be unfair for the City to retain the Overcharges under the circumstances.

38. The City should be required to disgorge the amounts by which it has been unjustly enriched.

## COUNT II

### **UNJUST ENRICHMENT – VIOLATION OF MCL 141.91**

39. Plaintiff incorporates each of its preceding allegations as if fully set forth herein.

40. The Michigan Prohibited Taxes by Cities and Villages Act, MCL 141.91 provides:

Sec. 1. Except as otherwise provided by law and notwithstanding any provision of its charter, a city or village shall not impose, levy or collect a tax, other than an ad valorem property tax, on any subject of taxation, unless the tax was being imposed by the city or village on January 1, 1964.

41. The City has violated MCL 141.91 by imposing and collecting the Rate Overcharges, which are disguised taxes that are not ad valorem property taxes, and were first imposed after January 1, 1964.



42. As a direct and proximate result of the City's improper conduct, the City has collected tens of millions of dollars to which it is not entitled. By paying the Rate Overcharges, Plaintiff and the Class have conferred a benefit upon on the City.

43. The City has been unjustly enriched because it received Overcharges to which it was not entitled, and it would be unfair for the City to retain the Overcharges under the circumstances.

44. The City should be required to disgorge the amounts by which it has been unjustly enriched.

### COUNT III

#### **UNJUST ENRICHMENT – ORDINANCE VIOLATION**

45. Plaintiff incorporates each of its preceding allegations as if fully set forth herein.

46. City Ordinance § 33-265 entitled "Use Charge System For Sewer Service" §(b) provides that:

**The rates and charges hereby established shall be based upon a methodology which complies with applicable federal and state statutes and regulations. The amount of the rates and charges shall be sufficient to provide for debt service and for the expenses of operation, maintenance and replacement of the system as necessary to preserve the same in good repair and working order. The amount of the rates and charges shall be reviewed annually and revised when necessary to ensure system expenses are met and that all users pay their proportionate share of operation, maintenance and equipment replacement expenses...** [emphasis added].

47. The City has contravened Ordinance § 33-265(b) by setting its Rates at a level that is more than sufficient to provide for the City's debt service and for the expenses of operation, maintenance and replacement of the system. The City's Rates are excessive and are not set at a level that is "necessary" to preserve the Water & Sewer systems in good repair and in working order—but set at a level that has permitted the City to collect tens of millions of dollars in excess reserves.

48. The City has also contravened Ordinance § 33-265(b) by not setting its Rates at a level which complies with applicable federal, state, and applicable industry methodologies.

49. As a direct and proximate result of the City's improper conduct, the City has collected tens of millions of dollars to which it is not entitled. By paying the Rate Overcharges, Plaintiff and the Class have conferred a benefit upon on the City.

50. The City has been unjustly enriched because it received Overcharges to which it was not entitled, and it would be unfair for the City to retain the Overcharges under the circumstances.

51. The City should be required to disgorge the amounts by which it has been unjustly enriched.

#### **COUNT IV**

##### **ASSUMPSIT – MONEY HAD AND RECEIVED UNREASONABLE WATER AND SEWER RATES**

52. Plaintiff incorporates each of the preceding paragraphs as if fully set forth herein.

53. Water and Sewer Rates must be reasonable. *Mapleview Estates v. City of Brown City*, 258 Mich. App. 412.

54. Because the City has set the Rates at a level that has permitted the City to accumulate a cash reserve that is over 13 times the amount that the City admits is reasonable, the Rates are arbitrary, capricious, and unreasonable.

55. As a direct and proximate result of the City's improper conduct, the City has collected tens of millions of dollars to which it is not entitled. By paying the Rate Overcharges, Plaintiff and the Class have conferred a benefit upon on the City.

56. A claim to recover amounts paid to a governmental unit in excess of the amount allowed under law is properly filed as an equitable action in assumpsit for money had and received.

57. By virtue of the City's inclusion of the Rate Overcharges in the Rates, the City has collected amounts in excess of the amounts it was legally entitled to collect. Therefore, Plaintiff is entitled to maintain an equitable action of assumpsit to recover back the amount of the illegal exaction. *See, e.g., Bond v. Public Schools of Ann Arbor*, 383 Mich. 693, 704, 178 N.W.2d 484 (1970).

**COUNT V**

**ASSUMPSIT – MONEY HAD AND RECEIVED  
VIOLATION OF MCL 141.91**

58. Plaintiff incorporates each of the preceding paragraphs as if fully set forth herein.

59. The Michigan Prohibited Taxes by Cities and Villages Act, MCL 141.91 provides:

Sec. 1. Except as otherwise provided by law and notwithstanding any provision of its charter, a city or village shall not impose, levy or collect a tax, other than an ad valorem property tax, on any subject of taxation, unless the tax was being imposed by the city or village on January 1, 1964.

60. The City has violated MCL 141.91 by imposing and collecting the Rate Overcharges., which are disguised taxes that are not ad valorem property taxes, and were first imposed after January 1, 1964.

61. As a direct and proximate result of the City's improper conduct, the City has collected tens of millions of dollars to which it is not entitled. By paying the Rate Overcharges, Plaintiff and the Class have conferred a benefit upon on the City.

62. A claim to recover amounts paid to a governmental unit in excess of the amount allowed under law is properly filed as an equitable action in assumpsit for money had and received.

63. By virtue of the City's inclusion of the Rate Overcharges in the Rates, the City has collected amounts in excess of the amounts it was legally entitled to collect. Therefore, Plaintiff is entitled to maintain an equitable action of assumpsit to recover back the amount of the illegal exaction. *See, e.g., Bond v. Public Schools of Ann Arbor*, 383 Mich. 693, 704, 178 N.W.2d 484 (1970).

**COUNT VI**

**ASSUMPSIT – MONEY HAD AND RECEIVED  
ORDINANCE VIOLATIONS**

64. Plaintiff incorporates each of the preceding paragraphs as if fully set forth herein.

65. City Ordinance § 33-265 entitled "Use Charge System For Sewer Service" §(b) provides that:

The rates and charges hereby established shall be based upon a methodology which complies with applicable federal and state statutes and regulations. **The amount of the rates and charges shall be sufficient to provide for debt service and for the expenses of operation, maintenance and replacement of the system as necessary to preserve the same in good repair and working order. The amount of the rates and charges shall be reviewed annually and revised when necessary to ensure system expenses are met and that all users pay their proportionate share of operation, maintenance and equipment replacement expenses...** [emphasis added].

66. The City has contravened Ordinance § 33-265(b) by setting its Rates at a level that is more than sufficient to provide for the City's debt service and for the expenses of operation, maintenance and replacement of the system. The City's Rates are excessive and are not set at a level that is "necessary" to preserve the Water & Sewer systems in good repair and in working order—but set at a level that has permitted the City to collect tens of millions of dollars in excess reserves.

67. The City has also contravened Ordinance § 33-265(b) by not setting its Rates at a level which complies with applicable federal, state, and applicable industry methodologies.

68. As a direct and proximate result of the City's improper conduct, the City has collected tens of millions of dollars to which it is not entitled. By paying the Rate Overcharges, Plaintiff and the Class have conferred a benefit upon on the City.

69. A claim to recover amounts paid to a governmental unit in excess of the amount allowed under law is properly filed as an equitable action in assumpsit for money had and received.

70. By virtue of the City's inclusion of the Rate Overcharges in the Rates, the City has collected amounts in excess of the amounts it was legally entitled to collect. Therefore, Plaintiff is entitled to maintain an equitable action of assumpsit to recover back the amount of the illegal exaction. *See, e.g., Bond v. Public Schools of Ann Arbor*, 383 Mich. 693, 704, 178 N.W.2d 484 (1970).

**PRAYER FOR RELIEF**

Plaintiff requests that the Court grant the following relief:

- A. Certify this action to be a proper class action with Plaintiff certified as Class Representatives and Kickham Hanley PLLC designated Class Counsel;
- B. Define the Class to include all persons or entities which have paid the City for Water Service or Sewer Service at any time in the six years preceding the filing of this lawsuit or which pay the City for Water Service or Sewer Service during the pendency of this action;
- C. With regard to Counts I through VI, enter judgment in favor of Plaintiff and the Class and against the City;
- D. Order and direct the City to disgorge and refund all Rate Overcharges collected over the past six years and to pay into a common fund for the benefit of Plaintiff and all other members of the Class the total amount of Rate Overcharges to which Plaintiff and the Class are entitled;
- E. Appoint a Trustee to seize, manage and distribute in an orderly manner the common fund thus established;
- F. Find and declare that the Rate Overcharges violate MCL 141.91, the City's ordinances, as well as find that the Rate Overcharges are arbitrary, capricious, and unreasonable under common law principles;
- G. Permanently enjoin the City from imposing or collecting Rates which exceed the City's actual costs of providing water and sewer service;
- H. Award Plaintiff and the Class the costs and expenses incurred in this action, including reasonable attorneys', accountants', and experts' fees; and

- I. Grant any other appropriate relief.

KICKHAM HANLEY PLLC

/s/ Gregory D. Hanley

Gregory D. Hanley (P51204)

Jamie Warrow (P61521)

Edward F. Kickham Jr. (P70332)

32121 Woodward Avenue, Suite 300

Royal Oak, Michigan 48073

(248) 544-1500

Counsel for Plaintiff

Date: November 5, 2018

KH156544

**CERTIFICATE OF SERVICE**

I hereby certify that on November 5, 2018 I electronically filed the *Plaintiff's Class Action Complaint* with the Clerk of the Court using the electronic filing system.

/s/ Kim Plets

Kim Plets

# EXHIBIT - 1

## WATER & SEWER FUND

### **MISSION STATEMENT:**

Provide an uninterrupted supply of clean, safe and clear water to its customers in sufficient amount to meet their needs and demands throughout the entire year. Provide for the collection, treatment and proper discharge of domestic, commercial and industrial wastewater in accordance with the State of Michigan National Pollutants Discharge Elimination System (NPDES) Discharge Permit and United States Environmental Protection Agency regulations.

The Water and Sewer Fund accounts for the operational, capital and related debt service activity of water distribution and sanitary sewage collection systems in the City, which are supplied by the Detroit Water and Sewerage Department (DWSD); and operated, maintained and administered by the Oakland County Water Resources Commission (WRC). The costs of providing utility services to the general public on a continuing basis are financed or recovered primarily through user charges and/or capital contributions.

On September 9, 2014, the City of Detroit, the Counties of Macomb, Oakland and Wayne, and the State of Michigan signed a Memorandum of Understanding (MOU) which paved the way for the formation of the Great Lakes Water Authority (GLWA) designed to leverage the assets of the Detroit-owned water and sewerage systems. The GLWA was formally approved on October 10, 2014. A six-person board was established for the GLWA, comprised of one member from each County, one from the State of Michigan and two from the City of Detroit.

Effective January 1, 2016 the GLWA assumed responsibility for the management, operations, and maintenance of the City of Detroit's water and sewer infrastructure supplying wholesale customers across the region, including the City of Farmington Hills. In exchange for the management of the utility systems, the GLWA will provide annual lease payments of \$50 million a year for 40 years to the City of Detroit. The City of Detroit will use these funds to overhaul its aging infrastructure. The lease also provides for a \$4.5 million Water Residential Assistance Program to help low-income customers of GLWA customer communities pay their water and sewer bills.

The Water and Sewer Funds distinguish between current and non-current assets and liabilities. The measure of Working Capital (i.e., current assets less current liabilities) reflects the relatively liquid portion of total Water and Sewer Fund capital, which constitutes a margin or buffer for meeting obligations. It is essential that the City maintain an adequate level of Working Capital in its Water and Sewer Funds to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenses) and to ensure stable services and fees. Working capital is a crucial consideration, too, in long-term financial planning. Credit rating agencies consider the availability of working capital in their evaluations of continued creditworthiness. Likewise, relevant laws and regulations look to appropriate levels of working capital for Water and Sewer Funds.



## Water & Sewer Fund

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The Government Finance Officers Association (GFOA) recommends that under no circumstances should the target for working capital be less than forty-five (45) days' worth of annual operating expenses and other working capital needs of the utility funds. In order to arrive at a customized target amount of working capital for the City we reviewed the following characteristics of the Water & Sewer Fund:

- Support from general government.
- Transfers out.
- Cash cycles.
- Customer concentration.
- Demand for services.
- Control over rates and revenues.
- Asset age and condition.
- Volatility of expenses.
- Control over expenses.
- Management plans for working capital.
- Separate targets for operating and capital needs.
- Debt position.

Based on a review of the above characteristics of the Water and Sewer Fund, we have targeted to have a Water and Sewer Fund Working Capital balance of no less than 25% of total expenses and transfers-out, exclusive of depreciation, a non-cash item. In this context, a target working capital balance equal to approximately one quarter of the fiscal year's cash based expenses, provides a reasonable cushion to pay for ongoing expenses in the event of revenue shortfalls, or emergencies requiring unexpected outlays of cash.

The WRC bills approximately 22,900 City water customers and approximately 22,600 City sewer customers on a quarterly basis. Average annual water consumption per water customer is 16.17 thousand cubic feet (MCF) and the average annual sewage treatment is 14.62 MCF. There are approximately 456 miles of water main and over 5,100 fire hydrants in the City. There are approximately 328 miles of sanitary sewer main in the City.

With the exception of some Interest Earnings on City investments, virtually all other funding sources (revenue/capital contributions) are generated by WRC utility billings fee collections. Annually, Water and Sewer User Fee Rates for City customers are developed by the WRC, with input and assistance from City staff, and then subsequently recommended to the City Council for adoption.

With the exception of some City Administrative, Accounting and Engineering Labor Costs, as well as utility contributions associated with City Road Projects, virtually all other funding uses (expenses/ capital assets) are paid by the WRC.

**FY 17/18 YEAR-END PROJECTION vs. FY 16/17 ACTUAL**

- Conservatively, total revenue is projected to decrease by approximately \$1,776,000 or 6% from the previous year. The remaining bond proceeds totaling approximately \$3.5 million is expected to be issued for the Middlebelt Sanitary Sewer Transport Tunnel Project.
- Total expenses are projected to increase by approximately \$803,000 or 3% from the previous year.
- The impact from above, results in a projected \$4,961,101 increase in Working Capital to \$79,244,211 at June 30, 2018, which is 331% of total projected expenses and transfers-out (less depreciation) for FY 17/18. This is well above the Working Capital Minimum Target of 25% of Total Expenses plus Transfers-out, less Depreciation.

**FY 18/19 PROPOSED FINANCIAL PLAN vs. FY 17/18 YEAR-END PROJECTION**

- Total Revenue is projected to increase by approximately \$415,000 or 2% from the previous year.
- Total Expenses are projected to increase by approximately \$774,000 or 3% from the previous year.
- The impact from above, results in a projected \$1,157,045 increase in Working Capital to \$80,401,256 at June 30, 2019, which is 327% of total projected expenses and transfers-out (less depreciation) for FY 18/19. This is well above the Working Capital Minimum Target of 25% of Total Expenses plus Transfers-out, less Depreciation. However, it is important to note that the CIP includes over \$56 million in Capital Projects, of which some can be funded on a pay-as-you-go basis, while other large projects, could be funded through a County borrowing paid back over the term of the bonds.

# Water & Sewer Fund

## CITY OF FARMINGTON HILLS FINANCIAL SUMMARY WATER & SEWER FUND

	ACTUAL FY 2015/16	ACTUAL FY 2016/17	YEAR-END PROJECTION FY 2017/18	PROPOSED PLAN FY 2018/19
REVENUES				
Sale of Water	12,298,112	13,772,568	12,510,000	12,474,900
Sewage Disposal Charges	10,026,314	11,058,632	10,497,010	10,812,430
Other Operating Revenue	<u>3,324,258</u>	<u>509,469</u>	<u>500,000</u>	<u>500,000</u>
Total Operating Revenue	25,648,684	25,340,669	23,507,010	23,787,330
Other Non-operating Revenue				
Interest Income	737,573	576,113	633,724	697,097
Debt Service Charge	<u>812,059</u>	<u>2,406,655</u>	<u>2,252,000</u>	<u>2,292,090</u>
TOTAL REVENUES	27,198,316	28,323,437	26,392,734	26,776,517
EXPENSES				
Cost of Water	7,948,053	9,090,180	9,200,430	9,181,430
Cost of Sewage Treatment	8,272,238	8,555,862	8,889,990	9,449,870
Other Operation and Maintenance	4,022,327	4,144,956	3,441,500	3,422,250
Billing and Administrative Costs*	1,052,686	828,524	1,475,090	1,233,780
Depreciation	<u>3,667,667</u>	<u>3,721,397</u>	<u>3,750,000</u>	<u>3,750,000</u>
Total Operating Expenses	24,962,971	26,340,919	26,757,010	27,037,330
Other Non-operating Expenses				
Interest Expense	<u>426,514</u>	<u>556,588</u>	<u>737,185</u>	<u>704,106</u>
TOTAL EXPENSES	<u>25,389,485</u>	<u>26,897,507</u>	<u>27,494,195</u>	<u>27,741,436</u>
Income/(Loss) Before Contributions	1,808,831	1,425,930	(1,101,461)	(964,919)
Capital Contributions:				
Tap-in Fees	180,003	451,191	200,000	200,000
Special Assessments	<u>85,410</u>	<u>396,125</u>	<u>85,000</u>	<u>85,000</u>
Total Capital Contributions	265,413	847,316	285,000	285,000
CHANGE IN NET POSITION	2,074,244	2,273,246	(816,461)	(679,919)
Capital Assets	(12,849,780)	(8,125,268)	-	-
Depreciation	3,667,667	3,721,397	3,750,000	3,750,000
Bond Proceeds	2,812,434	11,635,448	3,509,881	-
Current Portion of Long-term Debt	<u>(630,000)</u>	<u>(1,402,295)</u>	<u>(1,430,880)</u>	<u>(1,479,465)</u>
CHANGE IN WORKING CAPITAL	(4,925,435)	8,102,528	5,012,540	1,590,616
WORKING CAPITAL-BEGINNING	<u>71,502,142</u>	<u>66,576,707</u>	<u>74,679,235</u>	<u>79,691,775</u>
WORKING CAPITAL-ENDING	66,576,707	74,679,235	79,691,775	81,282,391
WC as a % of Expenses plus Transfers-out				
less Depreciation	306%	322%	336%	339%

\* Includes City Labor Costs associated with Accounting and Project Engineering.

**WATER MAINS**

WATER MAIN PROJECT	TOTAL COST	CITY COST	MAINTENANCE COSTS	City Cost figures are shown in thousands of dollars.						
				2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	FUTURE
Miscellaneous upgrades to the Water System	600,000	600,000	NC	100 WS	100 WS	100 WS	100 WS	100 WS	100 WS	
Grand River Homes, Replace existing 4" & 6" with 8", Phase III	1,120,000	1,120,000	NC	1,120 WS						
Grayling, Waldron and Dresden (aka Meadowbrook Heights), Replace existing 4" & 6" with 8"	1,349,000	1,349,000	NC	1,349 WS						
Cora Water Main, north of Fink	229,000	229,000	NC		229 WS					
Riverwalk, 8" loop to Folsom	204,000	204,000	NC		204 WS					
Parker Avenue, 8" Loop to Nine Mile Road	427,000	427,000	NC		427 WS					
Villa Capri Subdivision, Replace existing 6" & 8" with 8"	2,716,000	2,716,000	NC		906 WS	1,810 WS				
Kimberley Subdivision, Replace existing 6" & 8" with 8" & 12"	4,101,000	4,101,000	NC				2,050 WS	2,051 WS		
Westbrooke Plaza Water Main Replacement	341,000	341,000	NC						341 WS	
Kirkside, Westerleigh, Nottingwood, Nestlewood, Replace existing 6" with 8"	1,665,000	1,665,000	NC						1,665 WS	
Kendallwood No. 1, Replace existing 6" & 8" with 8"	5,332,000	5,332,000	NC							5,332 WS
Kendallwood No. 2 and No. 3 Subdivision, Replace existing 6" & 8" with 8"	4,747,000	4,747,000	NC							4,747 WS
Community Well Conversion	2,602,000	2,602,000	NC							2,602 WS
Westbrooke Manor Subdivision, Replace existing 6" & 8" with 8"	2,991,000	2,991,000	NC							2,991 WS
Colwell Water Main, Shiawassee to Sedalia	515,000	515,000	NC							515 WS
Inkster Road, Water Main Franklin Hills Country Club to Thirteen Mile Road	773,000	773,000	NC							773 WS
Inkster Road, south of Thirteen Mile to Northwestern Highway	794,000	794,000	NC							794 WS
<b>TOTAL:</b>	<b>\$30,506,000</b>	<b>\$30,506,000</b>	<b>NC</b>	<b>2,569</b>	<b>1,866</b>	<b>1,910</b>	<b>2,150</b>	<b>2,151</b>	<b>2,106</b>	<b>17,754</b>

## Water & Sewer Fund

### SANITARY SEWERS

SANITARY SEWER PROJECT	TOTAL COST	CITY COST	MAINTENANCE COSTS	City Cost figures are shown in thousands of dollars.						
				2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	FUTURE
Sanitary Sewer Rehabilitation Program	3,000,000	3,000,000	NC	500 SS	500 SS	500 SS	500 SS	500 SS	500 SS	
Wastewater Asset Management Plan	1,210,000	302,000	NC	302 SS						
Thirteen Mile Sanitary Sewer (Marvin to Drake)	700,000	700,000	NC	700 SS						
Kirby Sanitary Sewer, Farmington Road to Cass	1,041,000	1,041,000	NC		1,041 SS					
Bridgeman Street Sanitary Sewer	853,000	853,000	NC		853 SS					
Evergreen/Farmington LTCAP Upgrade - Eight Mile Road Storage	17,625,000	10,223,000	NC			10,223 SS				
Goldsmith Sanitary Sewer	1,569,000	1,569,000	NC					1,569 SS		
<b>TOTAL:</b>	<b>\$25,998,000</b>	<b>\$17,688,000</b>	<b>NC</b>	<b>1,502</b>	<b>2,394</b>	<b>10,723</b>	<b>500</b>	<b>2,069</b>	<b>500</b>	<b>0</b>

# YOUR 2017 TAX DOLLAR

Based on Principal Residence (Homestead) Rate

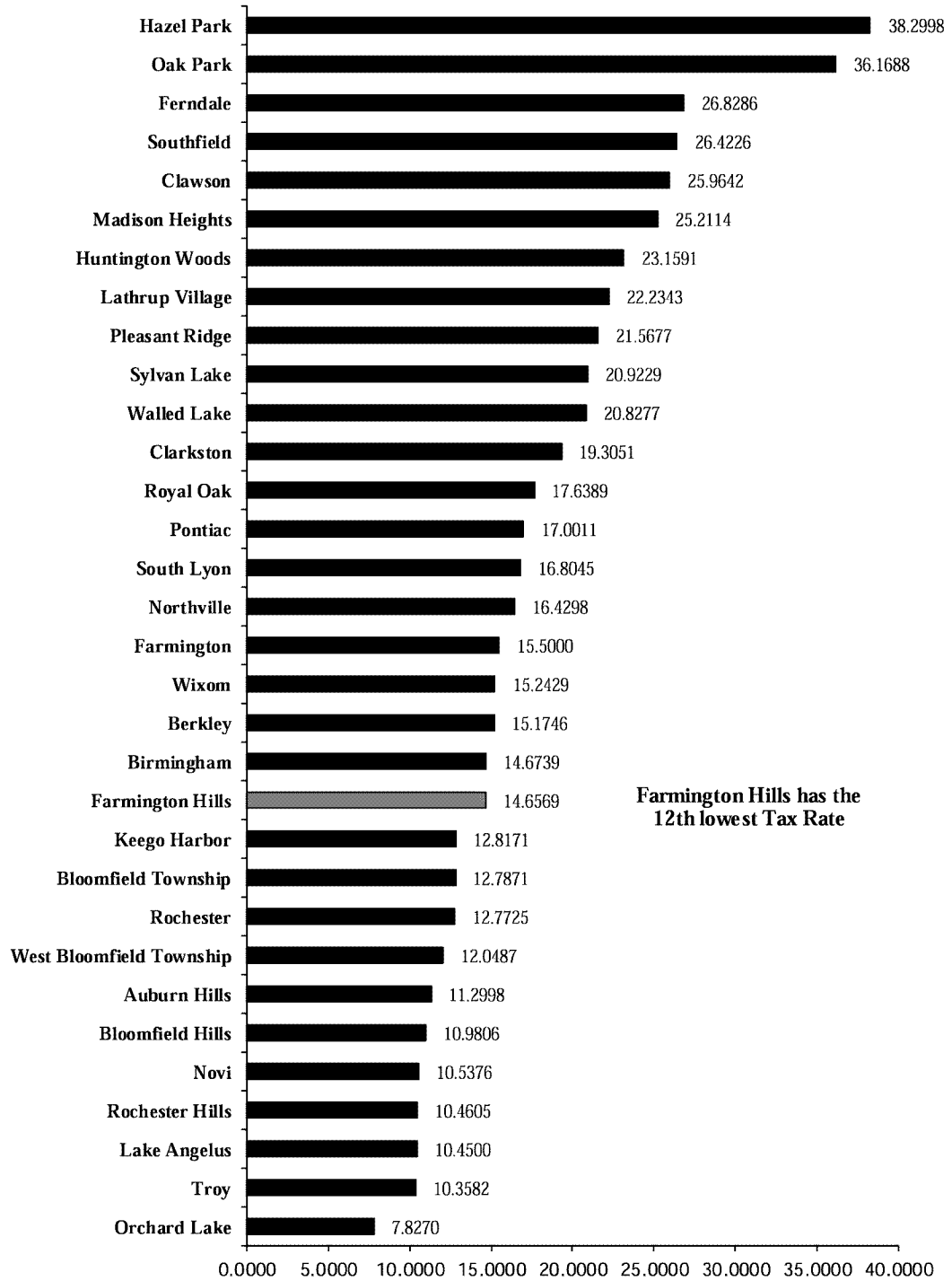
School District	County/Other	Education *	City
Farmington	16.56%	50.34%	33.10%
Walled Lake	18.43%	44.75%	36.82%
Clarenceville	19.52%	41.48%	39.00%



\* Local Schools (including State support) + Oakland Intermediate Schools + Community College

# 2017 Local Unit Tax Rates

For all Cities and Major Townships in Oakland



Farmington Hills has the  
12th lowest Tax Rate

<p align="center"><b>2017 Tax Comparison for All Cities and Major Townships in Oakland County</b></p>
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	2017	2017	2017
<u>Local Taxing Unit</u>	<u>Millage</u>	<u>Taxable Value</u>	<u>City Taxes</u>
Southfield	26.4226	2,427,593,700	64,143,337
Troy	10.3582	4,679,798,440	48,474,288
<b>Farmington Hills*</b>	<b>14.6569</b>	<b>3,207,859,580</b>	<b>47,017,277</b>
Bloomfield Township	12.7871	3,577,725,090	45,748,728
Royal Oak	17.6389	2,549,382,070	44,968,295
West Bloomfield Township	12.0487	3,424,396,020	41,259,520
Novi	10.5376	3,450,116,990	36,355,953
Rochester Hills	10.4605	3,321,014,620	34,739,473
Birmingham	14.6739	2,220,344,410	32,581,112
Madison Heights	25.2114	770,671,510	19,429,708
Auburn Hills	11.2998	1,547,115,934	17,482,101
Oak Park	36.1688	458,935,120	16,599,133
Ferndale	26.8286	568,846,060	15,261,343
Pontiac	17.0011	686,237,450	11,666,792
Wixom	15.2429	681,484,650	10,387,802
Bloomfield Hills	10.9806	822,148,110	9,027,680
Rochester	12.7725	705,420,760	9,009,987
Clawson	25.9642	342,173,420	8,884,259
Berkley	15.1746	535,721,820	8,129,364
Huntington Woods	23.1591	342,689,140	7,936,372
Hazel Park	38.2998	180,444,330	6,910,982
South Lyon	16.8045	342,282,030	5,751,878
Farmington	15.5000	327,781,890	5,080,619
Walled Lake	20.8277	188,704,480	3,930,280
Pleasant Ridge	21.5677	145,722,450	3,142,898
Orchard Lake	7.8270	359,847,770	2,816,528
Lathrup Village	22.2343	125,854,280	2,798,282
Northville	16.4298	157,315,293	2,584,659
Sylvan Lake	20.9229	88,138,620	1,844,116
Keego Harbor	12.8171	92,276,520	1,182,717
Clarkston	19.3051	40,833,740	788,299
Lake Angelus	10.4500	72,942,900	762,253

\* Less Renaissance Zone and Senior Housing

Source: Original Taxable Value from Oakland County Equalization Department



# CITY PROPERTY TAX RATE, LEVY & COLLECTIONS HISTORY BY TAX YEAR

<u>Millage Type</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Operations	6.5435	6.5139	6.3279	7.2148	6.6396
Capital	0.4800	0.4800	0.4800	0.2400	0.7467
Debt	0.5402	0.5362	0.6481	0.5012	0.5697
Total Charter	7.5637	7.5301	7.4560	7.9560	7.9560
Refuse	0.4933	0.5269	0.6010	0.6822	0.7138
Econ. Develop.	0.0000	0.0000	0.0000	0.0152	0.0162
Parks	0.4882	0.4882	0.4882	0.4882	0.4882
Roads	0.0000	0.0000	0.0000	0.0000	0.0000
Public Safety	1.4764	1.4764	1.4764	1.4764	3.1764
Total City Millage	10.0216	10.0216	10.0216	10.6180	12.3506
Taxable Value*	\$4,411,543,260	\$4,165,008,570	\$3,619,696,470	\$3,281,707,580	\$3,077,626,770
Tax Levy	\$44,210,722	\$41,740,050	\$36,275,150	\$34,845,171	\$38,010,476
Tax Collections**	\$42,669,852	\$40,166,471	\$34,911,860	\$33,353,601	\$36,891,023
Percent Collected***	96.51%	96.23%	96.24%	95.72%	97.05%

<u>Millage Type</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Operations	6.7084	6.5206	5.9466	5.8911	6.1549
Capital	0.6163	0.7986	1.5606	1.5978	1.7168
Debt	0.6313	0.6368	0.4488	0.4671	0.4434
Total Charter	7.9560	7.9560	7.9560	7.9560	8.3151
Refuse	0.7168	0.7436	0.7542	0.7169	0.7359
Econ. Develop.	0.0164	0.0164	0.0160	0.0160	0.0156
Parks	0.4882	0.4882	0.4882	0.4859	0.4817
Roads	0.0000	0.0000	2.0000	1.9908	1.9738
Public Safety	3.1764	3.1764	3.1764	3.1617	3.1348
Total City Millage	12.3538	12.3806	14.3908	14.3273	14.6569
Taxable Value*	\$3,040,696,350	\$3,051,369,420	\$3,125,682,070	\$3,125,760,110	\$3,208,788,930
Tax Levy	\$37,564,155	\$37,777,784	\$44,981,066	\$44,783,703	\$47,030,898
Tax Collections**	\$36,922,255	\$36,898,852	\$44,257,766	\$44,127,138	\$46,245,009
Percent Collected***	98.29%	97.67%	98.39%	98.53%	98.33%

\* From the Original Ad valorem Tax Roll less Renaissance Zone.

\*\* From the Adjusted Ad valorem Tax Roll. Exclusive of non-City Taxes collected for the Brownfield Redevelopment Authority.

\*\*\* Collections through February each year. 100% of the delinquent real property taxes are remitted to the City from the County's Delinquent Tax Fund by the end of each fiscal year.

# HISTORICAL REAL PROPERTY TAX RATES FOR ALL TAXING UNITS BY TAX YEAR

## Farmington School District

<u>Millage Type</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
City	10.0216	10.0216	10.0216	10.6180	12.3506
Local Schools P.R.E.	9.6915	10.1442	12.0278	12.3334	13.3810
State Education Tax	6.0000	6.0000	6.0000	6.0000	6.0000
Oakland Community College	1.5844	1.5844	1.5844	1.5844	1.5844
Intermediate Schools	3.3690	3.3690	3.3690	3.3690	3.3690
County	4.6461	4.6461	4.6461	4.6461	4.6461
Library	1.5856	1.5856	1.5856	1.5856	1.5856
Transit Authority	0.5900	0.5900	0.5900	0.5900	0.5900
Zoo	0.1000	0.1000	0.1000	0.1000	0.1000
Art Institute	0.0000	0.0000	0.0000	0.0000	0.2000
<b>Total P.R.E. Millage</b>	<b>37.5882</b>	<b>38.0409</b>	<b>39.9245</b>	<b>40.8265</b>	<b>43.8067</b>
Local Schools Non-P.R.E.	10.1085	9.6558	8.0722	7.8466	7.1790
<b>Total Non-P.R.E. Millage</b>	<b>47.6967</b>	<b>47.6967</b>	<b>47.9967</b>	<b>48.6731</b>	<b>50.9857</b>

## Walled Lake School District

<u>Millage Type</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
City	10.0216	10.0216	10.0216	10.6180	12.3506
Local Schools P.R.E.	6.5722	6.4793	6.7508	6.8812	7.0254
State Education Tax	6.0000	6.0000	6.0000	6.0000	6.0000
Oakland Community College	1.5844	1.5844	1.5844	1.5844	1.5844
Intermediate Schools	3.3690	3.3690	3.3690	3.3690	3.3690
County	4.6461	4.6461	4.6461	4.6461	4.6461
Library	1.5856	1.5856	1.5856	1.5856	1.5856
Transit Authority	0.5900	0.5900	0.5900	0.5900	0.5900
Zoo	0.1000	0.1000	0.1000	0.1000	0.1000
Art Institute	0.0000	0.0000	0.0000	0.0000	0.2000
<b>Total P.R.E. Millage</b>	<b>34.4689</b>	<b>34.3760</b>	<b>34.6475</b>	<b>35.3743</b>	<b>37.4511</b>
Local Schools Non-P.R.E.	16.2178	16.0207	15.7492	15.6188	15.5346
<b>Total Non-P.R.E. Millage</b>	<b>50.6867</b>	<b>50.3967</b>	<b>50.3967</b>	<b>50.9931</b>	<b>52.9857</b>

## Clarenceville School District

<u>Millage Type</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
City	10.0216	10.0216	10.0216	10.6180	12.3506
Local Schools P.R.E.	5.0898	5.1146	5.1922	4.5000	4.5000
State Education Tax	6.0000	6.0000	6.0000	6.0000	6.0000
Schoolcraft College	1.7967	1.7967	1.7967	1.7967	1.7967
Intermediate Schools	3.3690	3.3690	3.3690	3.3690	3.3690
County	4.6461	4.6461	4.6461	4.6461	4.6461
Library	1.5856	1.5856	1.5856	1.5856	1.5856
Transit Authority	0.5900	0.5900	0.5900	0.5900	0.5900
Zoo	0.1000	0.1000	0.1000	0.1000	0.1000
Art Institute	0.0000	0.0000	0.0000	0.0000	0.2000
<b>Total P.R.E. Millage</b>	<b>33.1988</b>	<b>33.2236</b>	<b>33.3012</b>	<b>33.2054</b>	<b>35.1380</b>
Local Schools Non-P.R.E.	17.4102	17.3854	17.3078	18.0000	18.0000
<b>Total Non-P.R.E. Millage</b>	<b>50.6090</b>	<b>50.6090</b>	<b>50.6090</b>	<b>51.2054</b>	<b>53.1380</b>

# HISTORICAL REAL PROPERTY TAX RATES FOR ALL TAXING UNITS BY TAX YEAR

## Farmington School District

<u>Millage Type</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
City	12.3538	12.3806	14.3908	14.3273	14.6569
Local Schools P.R.E.	13.0140	11.7472	12.4418	12.1482	11.4268
State Education Tax	6.0000	6.0000	6.0000	6.0000	6.0000
Oakland Community College	1.5844	1.5844	1.5819	1.5707	1.5555
Intermediate Schools	3.3690	3.3690	3.3633	3.3398	3.3079
County	4.6461	4.6461	4.5456	4.4938	4.4908
Library	1.5856	1.5856	1.5856	1.5781	1.5644
Transit Authority	0.5900	1.0000	0.9998	0.9941	0.9863
Zoo	0.1000	0.1000	0.0998	0.0990	0.0980
Art Institute	0.2000	0.2000	0.1996	0.1981	0.1961
<b>Total P.R.E. Millage</b>	<b>43.4429</b>	<b>42.6129</b>	<b>45.2082</b>	<b>44.7491</b>	<b>44.2827</b>
Local Schools Non-P.R.E.	7.5460	8.5128	8.9982	9.2918	9.8732
<b>Total Non-P.R.E. Millage</b>	<b>50.9889</b>	<b>51.1257</b>	<b>54.2064</b>	<b>54.0409</b>	<b>54.1559</b>

## Walled Lake School District

<u>Millage Type</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
City	12.3538	12.3806	14.3908	14.3273	14.6569
Local Schools P.R.E.	7.4730	7.6843	7.2841	7.0150	6.9458
State Education Tax	6.0000	6.0000	6.0000	6.0000	6.0000
Oakland Community College	1.5844	1.5844	1.5819	1.5707	1.5555
Intermediate Schools	3.3690	3.3690	3.3633	3.3398	3.3079
County	4.6461	4.6461	4.5456	4.4938	4.4908
Library	1.5856	1.5856	1.5856	1.5781	1.5644
Transit Authority	0.5900	1.0000	0.9998	0.9941	0.9863
Zoo	0.1000	0.1000	0.0998	0.0990	0.0980
Art Institute	0.2000	0.2000	0.1996	0.1981	0.1961
<b>Total P.R.E. Millage</b>	<b>37.9019</b>	<b>38.5500</b>	<b>40.0505</b>	<b>39.6159</b>	<b>39.8017</b>
Local Schools Non-P.R.E.	15.6715	15.8029	15.8339	15.9129	13.4721
<b>Total Non-P.R.E. Millage</b>	<b>53.5734</b>	<b>54.3529</b>	<b>55.8844</b>	<b>55.5288</b>	<b>53.2738</b>

## Clarenceville School District

<u>Millage Type</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
City	12.3538	12.3806	14.3908	14.3273	14.6569
Local Schools P.R.E.	4.5000	4.5000	4.5000	4.5000	4.5000
State Education Tax	6.0000	6.0000	6.0000	6.0000	6.0000
Schoolcraft College	1.7967	1.7967	1.7967	1.7880	1.7766
Intermediate Schools	3.3690	3.3690	3.3633	3.3398	3.3079
County	4.6461	4.6461	4.5456	4.4938	4.4908
Library	1.5856	1.5856	1.5856	1.5781	1.5644
Transit Authority	0.5900	1.0000	0.9998	0.9941	0.9863
Zoo	0.1000	0.1000	0.0998	0.0990	0.0980
Art Institute	0.2000	0.2000	0.1996	0.1981	0.1961
<b>Total P.R.E. Millage</b>	<b>35.1412</b>	<b>35.5780</b>	<b>37.4812</b>	<b>37.3182</b>	<b>37.5770</b>
Local Schools Non-P.R.E.	18.0000	18.0000	18.0000	18.0000	18.0000
<b>Total Non-P.R.E. Millage</b>	<b>53.1412</b>	<b>53.5780</b>	<b>55.4812</b>	<b>55.3182</b>	<b>55.5770</b>

## Retirement System & Retiree Healthcare Plan Funding Progress

### CITY OF FARMINGTON HILLS EMPLOYEES' RETIREMENT SYSTEM

Actuarial Valuation <u>Date</u>	Actuarial Value of <u>Assets</u>	Actuarial Accrued Liability <u>(AAL)</u>	Unfunded AAL <u>(UAAL)</u>	Funded <u>Ratio</u>	*Future Annual <u>Contribution</u>	Active <u>Members</u>	Benefit <u>Receipients</u>
6/30/07	\$109,839,894	\$121,107,744	\$11,267,850	90.7%	\$3,613,612	416	155
6/30/08	\$117,994,843	\$131,182,445	\$13,187,602	89.9%	\$3,701,944	402	166
6/30/09	\$123,309,158	\$140,261,150	\$16,951,992	87.9%	\$3,999,704	386	173
6/30/10	\$122,384,733	\$149,204,540	\$26,819,807	82.0%	\$4,474,398	327	229
6/30/11	\$126,993,894	\$152,271,739	\$25,277,845	83.4%	\$4,293,782	318	230
6/30/12	\$127,759,371	\$157,810,232	\$30,050,861	81.0%	\$4,549,123	301	244
6/30/13	\$135,447,393	\$163,515,916	\$28,068,523	82.8%	\$4,882,377	299	265
6/30/14	\$142,635,461	\$168,555,933	\$25,920,472	84.6%	\$4,710,931	288	279
6/30/15	\$148,299,323	\$171,958,385	\$23,659,062	86.2%	\$4,710,485	283	283
6/30/16**	\$150,257,018	\$179,218,630	\$28,961,612	83.8%	\$5,370,490	277	293
6/30/17	\$155,325,541	\$185,538,016	\$30,212,475	83.7%	\$5,577,463	269	307

Note: The above data includes the 47th District Court.

\* Annual Contribution to be made in the 2nd subsequent fiscal year from the Valuation Date.

\*\* Investment Return Assumption lowered from 7.50% to 7.40%.

### CITY OF FARMINGTON HILLS POST-RETIREMENT HEALTHCARE FINANCE FUND

Actuarial Valuation <u>Date</u>	Actuarial Value of <u>Assets</u>	Actuarial Accrued Liability <u>(AAL)</u>	Unfunded AAL <u>(UAAL)</u>	Funded <u>Ratio</u>	**Future Annual <u>Contribution</u>	Covered <u>Members</u>	Covered Benefit <u>Receipients</u>
6/30/07	\$35,850,866	\$54,475,299	\$18,624,433	65.8%	\$3,231,967	416	103
6/30/08	\$40,551,585	\$57,063,627	\$16,512,042	71.1%	\$2,971,747	402	108
6/30/09	\$41,318,305	\$59,275,315	\$17,957,010	69.7%	\$3,186,426	386	115
6/30/10	\$44,004,631	\$74,937,594	\$30,932,963	58.7%	\$3,311,150	323	121
6/30/10*	\$44,004,631	\$72,230,135	\$28,225,504	60.9%	\$3,329,505	323	169
6/30/12	\$50,982,851	\$69,722,666	\$18,739,815	73.1%	\$2,892,858	292	177
6/30/13	\$51,000,000	\$69,700,000	\$18,700,000	73.2%	\$2,890,395	292	177
6/30/14	\$62,830,994	\$71,356,286	\$8,525,292	88.1%	\$1,808,068	255	203
6/30/15	\$62,830,994	\$71,356,286	\$8,525,292	88.1%	\$1,794,724	255	203
6/30/16	\$71,438,401	\$71,198,513	(\$239,888)	100.3%	\$776,762	233	214
6/30/17	\$71,438,401	\$71,198,513	(\$239,888)	100.3%	\$776,762	233	214

Note: The above data includes the 47th District Court.

\* Revised the 2010 valuation using revised assumptions, as of June 30, 2011.

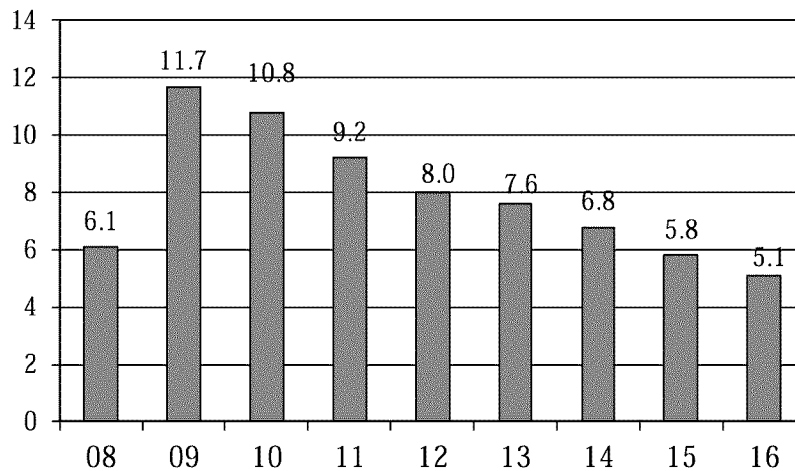
\*\* Annual Contribution made in the 2nd subsequent fiscal year from the Valuation Date.

## COMMUNITY DEMOGRAPHIC STATISTICS

### Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Number of Households</u>	<u>School Enrollment</u>	<u>Annual Average Unemployment Rate</u>
2008	79,327	33,412	12,092	6.1
2009	79,152	33,423	12,038	11.7
2010	79,740	33,366	11,701	10.8
2011	79,740	33,559	11,490	9.2
2012	79,777	33,591	11,296	8
2013	80,895	34,255	10,838	7.6
2014	81,798	34,755	10,875	6.8
2015	81,910	35,138	10,039	5.8
2016	81,412	34,963	9,653	5.1
2017	81,803	34,910	9,610	3.2

### Annual Average Unemployment Rate Last 10 Years



## GLOSSARY OF TERMS

**ACCRUAL BASIS** is the recording of the financial effects on a government of transactions and other events and circumstances that have cash consequences for the government in the periods in which those transactions, events and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

**ACTIVITY** is the budgetary expenditure level adopted in the Budget Resolution. An activity is generally a department organization for budgetary purposes. An activity is further broken down into object classes of expenditures: Personal Services, Operating Supplies, Professional & Contractual and Capital Outlay. These are defined within this Glossary.

**AD VALOREM TAXES** – Commonly referred to as property taxes. These taxes are levied on both real and personal property according to the property's valuation and the tax rate.

**APPROPRIATION** – A legal authorization to incur obligations and to make expenditures for specific purposes.

**APPROVED BUDGET** the revenue and expenditure plan for the City for the fiscal year as reviewed and formally adopted by City Council Budget Resolution.

**ASSESSED VALUATION** the value placed upon property equal to 50% of fair market value, as required by State law.

**ASSETS** - Resources owned or held by a government that have monetary value.

**AUDIT** – Prepared by an independent certified public accountant, the primary objective of an audit is to determine if the city's financial statements present fairly the city's financial position and results of operations in conformity with generally accepted accounting principles. It is customary that a Management Letter be issued.

**BALANCED BUDGET** – A budget in which estimated revenues are equal to or greater than estimated expenditures.

**BOND** – A long-term IOU or promise to pay. It is a promise to repay a specified amount of money (the face amount of the bond) on a particular date, the maturity date. Bonds are primarily used to finance capital projects.

**BUDGET** – A plan of financial activity for a specified period of time, indicating all planned revenues and expenses for the budget period.

**BUDGET AMENDMENT** adjustment made to the budget during the fiscal year by the City Council to properly account for unanticipated changes which occur in revenues and/or expenditures and for program initiatives approved during the fiscal year. The adjustment is made by formally amending the approved budget.

**BUDGET CALENDAR** – The schedule of key dates a government follows in the preparations and adoption of the budget.

**BUDGET POLICIES** – General and specific guidelines that govern financial plan preparation and administration.

## **Glossary of Terms**

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**BUDGET RESOLUTION** the formal Resolution by which the City Council adopts the recommended budget and establishes the millage rate for taxation of property during the budget year.

**CAPITAL BUDGET** – The appropriation of bonds or operating revenue for improvements to facilities and other infrastructure.

**CAPITAL EXPENDITURE** expenditures relating to the purchase of equipment, facility modifications, land or other fixed assets. To be categorized as a capital outlay item (fixed asset), the purchase must have a value of at least \$1,000 and a useful life of more than one fiscal year. If an item is \$25,000 or more, it is budgeted out of the Capital Improvement Fund.

**CAPITAL IMPROVEMENT PLAN (CIP)** – A six (6) year plan for capital outlay to be incurred each year over a fixed number of years to meet capital needs arising from the government's long-term plans.

**COMMUNITY DEVELOPMENT BLOCK PROGRAM - CDBG** - A program of the U.S. Department of Housing and Urban Development designed to benefit low and moderate-income persons by providing revitalization and human services to communities.

**DEBT SERVICE** expenditures relating to the retirement of long-term debt principal and interest.

**DEBT SERVICE FUNDS** are used to account for the payment of general long-term debt principal and interest. Budgeted Debt Service Funds are General Debt Service Fund, Building Authority, and Special Assessments.

**EFFICIENCY INDICATORS** quantify the relationship between input and output.

**ENTERPRISE FUNDS** are used to account for operations financed and operated in a manner similar to private business enterprises. An Enterprise Fund is established when the intention is that the costs of providing goods or services is financed or recovered primarily through user charges.

**EXPENDITURES** are decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net current assets, debt service and capital outlays, and intergovernmental grants, entitlements and shared revenues.

**EXPENSES** are outflows or other using up of assets or incurrences of liabilities (or a combination of both) from delivering or producing goods, rendering services or carrying out other activities that constitute the entity's ongoing major or central operations.

**FISCAL YEAR** a twelve-month period designated as the operating year for an entity. The fiscal year for the City is July 1 through June 30.

**FTE** (Full Time Equivalent) represents part-time employee hours divided by 2080.

**FUND** an independent fiscal entity with a self-balancing set of accounts recording cash and other resources, together with all related liabilities, obligations, reserves and equities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Funds are categorized for budgeting purposes as General, Special Revenue, Debt Service, Capital Project, and Component Unit. Funds are defined in the Uniform Chart of Accounts for Counties and Local Units of Government in Michigan.

## **Glossary of Terms**

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**FUND BALANCE** an accumulated excess of revenues over expenditures segregated by fund. Exception: Proprietary Funds (Enterprise, Internal Service) are accounted for in the same manner as private businesses and record retained earnings as opposed to fund balances. The budgets for these funds are prepared on a net working capital basis, which equates to fund balances.

**FUND BALANCE, AVAILABLE (UNASSIGNED)** – The funds remaining from the prior year, which are available for appropriation and expenditure in the current year.

**GENERAL FUND** the fund used to account for all financial transactions except those required to be accounted for in another fund.

**GOAL** – A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless.

**GRANTS** – Contributions by a government or other organization to support a particular function. Grants may be classified as either operational or capital.

**INTERFUND TRANSFERS** budgeted allocations of the resources of one fund transferred to another fund. This is typical for those funds which do not receive sufficient revenues to pay for necessary expenditures incurred in their operations. Transfers are also made from certain operating funds to debt retirement funds to retire debt related to the operations of the transferring fund.

**INFRASTRUCTURE** the basic physical framework or foundation of the City, referring to its buildings, roads, bridges, sidewalks, water system and sewer systems.

**MILL** a taxation unit equal to one dollar of tax obligation for every \$1,000 of assessed valuation of property.

**MILLAGE** the total tax obligation per \$1,000 of assessed valuation of property.

**MODIFIED ACCRUAL BASIS** is the accrual basis of accounting adapted to the governmental fund-type measurement focus. Under it, revenues and other financial resource increments are recognized when they become susceptible to accrual, that is when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized when the fund liability is incurred except for inventories of materials and supplies that may be considered expenditures either when purchased or when used, and prepaid insurance and similar items that may be considered expenditures either when paid for or when consumed. All governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting.

**NET WORKING CAPITAL** the excess of cash, accounts receivable and inventory over accounts payable and other short-term liabilities. See Fund Balance.

**OPERATING SUPPLIES** expenditures relating to the purchase of expendable items utilized in service delivery such as office supplies, gas and oil and parts and repair items.

**ORGANIZATION CHART** a chart representing the authority, responsibility and relationships of departmental entities within the City organization.

**PERFORMANCE INDICATORS** are the measurement of how a program is accomplishing its mission through the delivery of products or service.

**PERFORMANCE OBJECTIVES** are the desired output oriented accomplishments that can be measured within a given time period.



## Glossary of Terms

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**PROFESSIONAL & CONTRACTUAL** expenditures relating to services rendered to the City of external providers of legal services, auditing and architectural services, as well as other private contractors providing telephone service, utilities, insurance and printing.

**PROPOSAL "A"** is a State Constitutional Amendment approved by the electorate in 1994 that limits increases in Taxable Value of individual parcels to the Consumer Price Index or 5%, whichever is lower. This applies to all parcels that do not transfer ownership. Properties that change ownership or where new additions or construction takes place can be assessed at 50% of Fair Market Value.

**RECOMMENDED BUDGET** the City's revenue and expenditure plan for the fiscal year as prepared and recommended by the City Manager for consideration by City Council.

**RETAINED EARNINGS** an accumulated excess of revenues over expenditures for proprietary funds (Enterprise, Internal Service) equates to fund balance for governmental funds.

**REVENUES** are increases in the net current assets of a governmental fund type from other than expenditure refunds and residual equity transfers. Also, general long-term debt proceeds and operating transfers in are classified as "other financing sources" rather than as revenues.

**SPECIAL ASSESSMENT DISTRICT (SAD)** a method of financing public improvements by distributing the cost of a project to those properties realizing a direct benefit. Types of projects most often financed through Special Assessments include sanitary sewers, water mains, road construction and reconstruction and sidewalk construction.

**SPECIAL REVENUE FUNDS** are used to account for the proceeds of specific revenue sources or to finance specified activities in accordance with statutory or administrative requirements. Budgeted special revenue funds are Major Roads, Local Roads, Senior Center, Community Development Block Grant, Parks Capital Development, Capital Improvement Fund, Revolving Special Assessment, Nutrition and Police Forfeiture Fund.

**STATE EQUALIZED VALUE (SEV)** the assessed valuation of property in the City as determined by the City Assessor subject to review by higher levels of government to assure that it equals 50% of fair market value, as required by State law.

**TAXABLE VALUE** In March 1994, the electorate of the State of Michigan approved Proposal A, which added new terminology to property tax administration. This terminology was "Taxable Value." Taxable Value is the State Equalized Value at December 31, 1994, adjusted for changes in fair market value, the cost of living index or 5%, whichever provides the lower Taxable Value for calculation of taxes.

**TAX BASE** the total value of taxable property in the City.

**TRANSFERS OUT** See Interfund Transfers.

**TRUST AND AGENCY FUNDS** are used to account for assets held by the City as trustee.

# EXHIBIT - 2

DIVISION 1. - GENERALLY

Sec. 33-26. - Definitions.

Unless the context specifically indicates otherwise, the meaning of certain terms used in this article shall be as follows:

*B.O.D. (denoting biochemical oxygen demand)* means the quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedure in five (5) days at twenty (20) degrees Celsius, expressed in parts per million by weight.

*Building drain* means that part of the lowest horizontal piping of a drainage system which receives the discharge from soil, waste and other drain pipes inside the walls of the building and conveys it to the building sewer, beginning five (5) feet outside the inner face of the building wall.

*Building sewer* means the extension from the building drain to the public sewer or other place of disposal.

*Combination sewer or combined sewer* means a sewer receiving both surface runoff and sewage.

*Garbage* means solid wastes from the preparation, cooking and dispensing of food, and from the handling, storage, processing and sale of produce.

*Industrial wastes* means the liquid wastes, solids or semisolids from industrial processes, as distinct from sanitary sewage.

*Natural outlet* means any outlet into a watercourse, pond, ditch, lake or other body of water, either surface water or groundwater.

*pH* means the logarithm of the reciprocal of the weight of hydrogen ions in grams per liter of solution.

*Properly shredded garbage* means the wastes from the cooking, preparation and dispensing of food that has been cut or shredded to such a degree that all particles will be carried freely under flow conditions normally prevailing in public sewers, with no particle greater than one-half inch in any dimension.

*Public sewer* means a sewer in which all owners of abutting property have equal rights, and which is controlled by public authority.

*Sanitary sewer* means a sewer which carries sewage and to which stormwaters, surface waters and groundwaters are not intentionally admitted.

*Sewage* means any combination of water-carried wastes from residences, business and commercial buildings, institutions and industrial establishments, together with such groundwaters, surface waters and stormwaters as may be present.

*Sewage treatment plant* means any arrangement of devices and structures used for treating sewage.

*Sewerage works* means all facilities for collecting, pumping, treating and disposing of sewage.

*Sewer* means any pipe, tile, tubes or conduit for carrying sewage.

*Storm sewer or storm drain* means a sewer which carries stormwaters and surface waters and drainage but which excludes sewage and polluted industrial wastes.

*Suspended solids* means the solids that either float on the surface of or are suspended in water, sewage or other liquids, and which are removable by laboratory filtering.

*Watercourse* means a channel in which a flow of water occurs, either continuously or intermittently. This shall include the gutter section of a paved street with curb and gutter.

(Code 1981, § 14.010)

**Cross reference—** Definitions and rules of construction generally, § 1-2.

Sec. 33-27. - Unlawful waste disposal.

It shall be unlawful for any person to place, deposit or permit to be deposited in an unsanitary manner upon public or private property within the city, or in any area under the jurisdiction of the city, any human or animal excrement, garbage or other objectionable waste.

(Code 1981, § 14.020)

Sec. 33-28. - Discharge to natural outlet.

It shall be unlawful to discharge to any natural outlet within the city, or in any area under the jurisdiction of the city, any unsanitary sewage, industrial wastes or other polluted waters, except where suitable treatment has been provided in accordance with subsequent provisions of this article.

(Code 1981, § 14.030)

Sec. 33-29. - Privies, septic tanks.

Except as otherwise provided in this chapter, it shall be unlawful to construct or maintain any privy, privy vault, septic tank, cesspool or other facility intended or used for the disposal of sewage.

(Code 1981, § 14.040)

**Sec. 33-30. - Sewer connection required.**

(a) As used in this section:

- (1) The term "available public sanitary sewer" shall mean a public sanitary sewer system located in a right-of-way, easement, highway, street or public way which crosses, adjoins or abuts upon the property and passing not more than two hundred (200) feet at the nearest point from a structure in which sanitary sewage originates. "Available sanitary sewer" shall also include a sanitary sewer interceptor located in a right-of-way, easement, highway, street or public way which crosses, adjoins or abuts upon the property and passes not more than two hundred (200) feet at the nearest point from a structure in which sanitary sewer originates that provides an outlet for the sewage from the structure where a lateral sewer is not anticipated in the future.
  - (2) The term "structure in which sanitary sewage originates" or "structure" shall mean a building in which toilet, kitchen, laundry, bathing or other facilities which generate water-carried sanitary sewage are used for household, commercial, industrial or other purposes.
- (b) Public sanitary sewer systems are essential to the health, safety and welfare of the people of the state and the city. Septic tank disposal systems are subject to failure due to soil conditions or other reasons. Failure or potential failure of septic tank disposal systems poses a threat to the public health, safety and welfare; presents a potential for ill health, transmission of disease, mortality and potential economic blight; and constitutes a threat to the quality of surface and subsurface waters of the state and the city. The connection to available public sanitary sewer systems at the earliest reasonable date is a matter for the protection of the public health, safety and welfare and necessary in the public interest which is declared as a matter of legislative determination.
- (c) Structures in which sanitary sewage originates located in the city in the area served by the system for which there is an available public sanitary lateral sewer of the system, which was financed by special assessment upon the properties especially benefitted shall not be used or occupied, after the effective date hereof, unless such structures are connected to the sewage disposal system.

Structures within the city in which sanitary sewage is originating on the effective date hereof or in which sanitary sewage originates before availability of the system or any part thereof to serve such structures shall be connected to such system within twelve (12) months after publication of a notice by the council in a newspaper of general circulation in the city of the availability of the system.

- (d) When the structure in which sanitary sewage originates has not been connected to an available public sanitary sewer system before use and occupancy or within the twelve-month period provided in this article, the city manager shall require the connection to be made forthwith after notice to the owner of the property on which the structure is located. The notice may be made by first-class or certified mail or by posting it on the property. The notice shall give the approximate location of the public sanitary sewer of the system which is available for connection of the structure involved and shall advise the owner of the requirements and of the enforcement provisions of this Code.
- (e) Where any structure in which sanitary sewage originates is not connected to an available public sanitary sewer system within ninety (90) days after the date of mailing or posting of the written notice, the provisions of this article shall be enforceable through the bringing of appropriate action for injunction, mandamus or otherwise, in any court having jurisdiction.
- (f) Where any structure in which sanitary sewage originates has not been connected to an available public sanitary sewer system and where the septic tank or other disposal system has failed or poses an immediate hazard to the public health, the connection shall be made within thirty (30) days after mailing to the owner or posting on the property a written notice of the health hazard.
- (g) Public sanitary sewer systems are essential to the health, safety and welfare of the people of the city. Septic tank disposal systems are subject to failure due to soil conditions or other reasons. Failure of septic tank disposal systems poses a threat to the public health, safety and welfare; presents a potential for ill-health, transmission of disease, mortality and economic blight; and constitutes a threat to the quality of surface and subsurface waters of the city. The connection to available public sanitary sewer systems at the earliest reasonable date is a matter for the protection of the public health, safety and welfare, and necessary in the public interests which is hereby declared as a matter of legislative determination.
- (h) An owner of property who by reason of hardship is unable to comply with the provisions of subsection (c) requiring connection to an available public sanitary sewer system may have the costs deferred by application to and approval of the council. The council shall, by resolution, define hardship, authorize the method of deferment or partial payment of costs and determine what costs may be so deferred. As a condition to the granting of the deferred or partial payment of costs, the city shall require lien security on the real property involved to guarantee the full payment of the deferred costs.

(Code 1981, § 14.050)

Sec. 33-31. - Installation of sewers; compliance with state recommendations.

The type, capacities, location and layout of all sewers shall comply with all recommendations of the state department of public health, and shall be constructed and connected in accordance with regulations of the city.

(Code 1981, § 14.060)

Sec. 33-32. - Connection permit.

No house connection sewer shall be installed without a permit having been issued for the same by the city. The fee for such permit shall be established by resolution of the council. Opportunity for such city inspection shall be provided after all pipe is in place and before the backfilling of any trench or the covering of such pipe.

(Code 1981, § 14.070)

Sec. 33-33. - County permit, regulations.

No sanitary sewer system shall be connected directly or indirectly into an intercepting sewer of the county, nor shall any individual building sewer be connected directly to the county system, unless a permit therefor is obtained from the county department of public works and such connection is completed in accordance with the current regulations of such department applicable thereto. Such county department of public works' regulations are incorporated herein and made a part hereof.

(Code 1981, § 14.080)

Sec. 33-34. - Storm drain connections.

- (a) Yard drains, patio drains, catch basins, downspouts, weep tile, perimeter drains or any other structure used for the collection and conveyance of stormwater shall not be permitted to discharge into any public sanitary sewer. Weep tile or perimeter drains from buildings that were permitted and connected to a sanitary sewer prior to February 19, 1968, shall be required to disconnect from the sanitary sewer system forthwith after notice by the director of public services. Owners of buildings with weep tile or perimeter drains permitted and connected to a sanitary sewer prior to February 19, 1968, may seek a variance or exception from the building board of appeals. The burden shall be on the appellant to show that no good purpose would be served by disconnection at this time. The board of appeals shall not allow a variance or exception in any sewer system or part thereof with existing flooding problems or lack of capacity. All variances and exceptions shall be for limited times only.
- (b) Roof waters from buildings permitted and connected in accordance with section 33-99 shall not discharge into any flower or shrub bed adjacent to the building wall nor upon the ground within five (5) feet of the building wall. Where setback, side yard or rear yard requirements result in the building being located less than five (5) feet from the property line, then the downspouts shall be discharged in the manner approved by the city building inspector. Downspout piping shall be permanently affixed to the building wall and shall be anchored at the discharge end by a block, eight (8) inches by eight (8) inches in size, which shall encase the piping and shall extend to a minimum depth of two (2) feet below grade or to undisturbed earth. Other methods may be used, however, if such methods receive the prior approval of the county department of public works.
- (c) The surface of the ground around buildings permitted and connected in accordance with section 33-99 shall be sloped in such a manner as to provide positive drainage of all roof and surface waters away from the building. Such slope shall be uniform and shall be such that the elevation of the surface of the ground at a point ten (10) feet from the face of the building wall is a minimum of six (6) inches lower than the ground elevation at the face of the building wall. Where setback, side yard or rear yard requirements result in the building being located less than ten (10) feet from the property line, the surface of the ground shall slope away from the building wall at a uniform minimum slope of five-eighths inch per foot and in a manner approved by the building inspector.

(Code 1981, § 14.090)

Sec. 33-35. - Building sewer specifications.

House connection sewage from lateral sewer in street or easement to within five (5) feet from house shall be done in accordance with city standards and specifications as established by resolution of the council.

- (1) Six-inch full diameter extra strength vitrified sewer pipe manufactured in accordance with current N.C.P.I. Designation ER4-67 Standards, or equal, with county department of public works approved premium joint;
- (2) Six-inch diameter Class 2400 asbestos cement pipe with ring-tite, fluid-tite or county department of public works approved joint;
- (3) Six-inch diameter, service strength, cast-iron soil pipe, hot poured lead joint, or approved equal; or
- (4) Other pipe and joints as may be approved by the county department of public works.

(Code 1981, § 14.100)

Sec. 33-36. - Private disposal systems.

- (a) Where a public sanitary sewer is not available under the provisions of section 33-30, the building sewer shall be connected with a private disposal system complying with the provisions of this Code.
- (b) No septic tanks shall be constructed or installed within the city unless the plans for the installation are approved by the director of public services and the county health department as conforming to the regulations herein prescribed and a permit issued in accordance with chapter 7 and article III of this chapter.

(Code 1981, § 14.110)

Sec. 33-37. - Installation of building sewer.

All building sewer construction and the installation of pipes, fittings and appurtenances shall be done in accordance with the building regulations of the city and such supplementary rules and regulations as the director of public services may prescribe, which shall be effective upon approval by the council.

(Code 1981, § 14.120)

Sec. 33-38. - Prohibited discharges.

Except as hereinafter provided, no person shall discharge or cause to be discharged any of the following described waters or wastes to any public sewer:

- (1) Any liquid or vapor having a temperature higher than one hundred fifty (150) degrees Fahrenheit;
- (2) Any water or waste which may contain more than one hundred (100) parts per million, by weight, of fat, oil or grease;
- (3) Any gasoline, benzene, naphtha, fuel oil or other flammable or explosive liquid, solid or gas;
- (4) Any garbage that has not been properly shredded;
- (5) Any ashes, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood, paunch manure or any other solid or viscous substance capable of causing obstruction to the flow in sewers or other interference with the proper operation of the sewage works;
- (6) Any waters or wastes having a pH lower than 5.0 or higher than 10.0, or having any other corrosive property capable of causing damage or hazard to structures, equipment and personnel of the sewage works;

- (7) Any waters or wastes containing a toxic or poisonous substance in sufficient quantity to injure or interfere with any sewage treatment process, constitute a hazard to humans or animals or create any hazard in the receiving waters of the sewage treatment plant;
- (8) Any waters or wastes containing suspended solids of such character and quantity that unusual attention or expense is required to handle such materials at the sewage treatment plant;
- (9) Any noxious or malodorous gas or substance capable of creating a public nuisance.

(Code 1981, § 14.130)

Sec. 33-39. - Interceptors.

- (a) Grease, oil and sand interceptors shall be provided when, in the opinion of the director of public services, they are necessary for the proper handling of liquid wastes containing grease in excessive amounts, or any flammable wastes, sand and other harmful ingredients. Such interceptors shall not be required for private living quarters or dwelling units. All interceptors shall be of a type and capacity approved by the director of public services, and shall be located as to be readily and easily accessible for cleaning and inspection.
- (b) Grease and oil interceptors shall be constructed of impervious materials capable of withstanding abrupt and extreme changes in temperature. They shall be of substantial construction, watertight and equipped with easily removable covers which when bolted in place shall be gastight and watertight.
- (c) Where installed, all grease, oil and sand interceptors shall be maintained by the owner, at the owner's expense, in continuously efficient operation at all times.

(Code 1981, §§ 14.140, 14.150)

Sec. 33-40. - Preliminary treatment facilities.

- (a) The admission into the public sewers of any waters or wastes:
  - (1) Having a five-day B.O.D. greater than three hundred (300) parts per million by weight;
  - (2) Containing more than three hundred fifty (350) parts per million by weight of suspended solids;
  - (3) Containing any quantity of substances having the characteristics described in section 33-38;
  - (4) Having an average daily flow greater than two (2) percent of the average daily sewage flow of the city;

shall be subject to the review and approval of the director of public services. Where necessary in the opinion of the director, the owner shall provide, at the owner's expense, such preliminary treatment as may be necessary to:

- (1) Reduce the B.O.D. three hundred (300) parts per million and the suspended solids to three hundred fifty (350) parts per million by weight;
  - (2) Reduce objectionable characteristics or constituents to within the maximum limits provided for in section 33-38;
  - (3) Control the quantities and rates of discharge of such waters or wastes.
- (b) Plans, specifications and any other pertinent information relating to proposed preliminary treatment facilities shall be submitted for the approval of the director of public services and of the state department of health, and no construction of such facilities shall be commenced until such approvals are obtained in writing.
- (c) Where preliminary treatment facilities are provided for any waters or wastes, they shall be maintained continuously in satisfactory and effective operation by the owner at the owner's expense.



(Code 1981, §§ 14.160, 14.170)

Sec. 33-41. - Control manholes.

When required by the director of public services, the owner of any property served by a building sewer carrying industrial wastes shall install a suitable control manhole in the building sewer to facilitate observation, sampling and measurement of the wastes. Such manhole, when required, shall be accessibly and safely located, shall be accessible at all times to the director of public services and shall be constructed in accordance with plans approved by the director. The manhole shall be installed by the owner at the owner's expense, and shall be maintained by the owner so as to be safe and accessible at all times.

(Code 1981, § 14.180)

Sec. 33-42. - Measurements, tests, analyses.

All measurements, tests and analyses of the characteristics of waters and wastes to which reference is made in sections 33-38 and 33-40 shall be determined in accordance with Standard Methods for the Examination of Water and Water Waste, as published by the American Public Health Association, and shall be determined at the control manhole provided for in section 33-41, or upon suitable samples taken at the control manhole. If no special manhole has been required, the control manhole shall be considered to be the nearest downstream manhole in the public sewer to the point at which the building sewer is connected.

(Code 1981, § 14.190)

Sec. 33-43. - Damaging, tampering with sewage works.

No unauthorized person shall maliciously, willfully or negligently break, damage, destroy, uncover, deface or tamper with any structure, appurtenance or equipment which is a part of the municipal sewage works.

(Code 1981, § 14.200)

**State Law reference**— Malicious mischief, MCL 750.377 et seq.

Sec. 33-44. - Right of entry for inspection, etc.

The director of public services and other duly authorized employees of the city bearing proper credentials and identification shall be permitted to enter upon all properties for the purposes of inspection, observation, measurement, sampling, and testing, in accordance with the provisions of this article.

(Code 1981, § 14.210)

Sec. 33-45. - Community septic system.

Properties presently served by community septic systems owned by the city shall be subject to the terms of this chapter and shall pay such sewer service charges for sewage disposal and system maintenance and repair as may be provided by resolution of the city council.

(Ord. No. C-8-91, § 1, 6-10-91)

Sec. 33-46. - Temporary connections.

Each building sewer is required to connect to a public sewer lateral that parallels the entire length of the street frontage of the property to be served or is located in an easement that directly abuts and parallels the entire length of the property to be served. A property owner may be permitted to temporarily connect a building sewer directly into an intercepting sewer of the county or other county sewer, or into an existing sewer lateral that does not parallel the entire frontage of a street abutting the owner's property or is not located in an easement that directly abuts and parallels the entire length of the owner's property, subject to all of the following conditions:

- (1) All of the following must be demonstrated:
  - a. Where there is an existing septic system on the subject property, that the temporary connection is necessary due to the septic system on the subject property having failed or failure of said septic system is immediately imminent;
  - b. That the subject property does not perk or does not have sufficient area of land that perks for the installation of a septic field in accordance with applicable laws and ordinances;
  - c. That there is an inability to install a replacement septic system or an engineered septic system on the property for non-financial reasons attributable to the property itself or a governmental denial;
  - d. That there is no other reasonable alternative; and
  - e. That the property cannot be lawfully used or occupied without a temporary connection under this section.
- (2) Such temporary connection shall be allowed only if approved by the director in his discretion, and the temporary connection shall be made in the manner and at the location to be determined by said director in his discretion.
- (3) The property owner shall be responsible for obtaining all required permits and necessary easements for the construction, facilities and connection.
- (4) The cost of the construction of all facilities necessary to temporarily connect to the sewer system shall be at the expense of the owner.
- (5) The property owner shall be responsible for maintaining any private force main and grinder pump, if necessary and permitted, at owner's expense.
- (6) Upon failure of the owner to comply with this section, the city may, but is not obligated to, terminate the temporary connection and take any such other action as may be necessary to correct, remediate, clean-up, repair or abate any resulting nuisance, and the owner of the property shall be responsible for paying all actual costs, administrative costs and attorney fees incurred by the city in connection with such actions. Except in emergency situations, the city shall provide the owner with thirty (30) days advance written notice prior to taking any action. In emergency circumstances, as determined in the director's reasonable discretion, advance notice shall not be required.
- (7) In the event the city incurs any costs and fees, the city shall send a billing for the total of such costs by certified mail or personal delivery to the billing address shown on the property tax roll for the property, and if such billing is not fully paid within thirty (30) days after mailing or personal delivery, the unpaid amount shall be placed on and added to a billing statement for water and sewer service applicable to the benefited property, shall constitute a lien against said property, and shall be subject to and collected in the same manner as provided for the collection water and sewer rates and charges under sections 33-236 and 33-237 of this Code.
- (8) In the event that, at any time after the temporary connection, lateral sanitary sewers are constructed in the portion of a street abutting the owner's property or in an easement directly abutting the owner's property, the owner shall, at his expense, do all of the following:

- a. Within ninety (90) days of such lateral sewer becoming operational, disconnect and remove the temporary connection and make permanent connection to such lateral sanitary sewer, unless the temporary connection is not to an interceptor and the director of the department of public services determines, in his discretion, that such requirement is no longer necessary for specifically identified reasons at the time;
  - b. Pay all city fees, charges and assessments related to making such permanent connection to the lateral sewer;
  - c. If the cost of the lateral sewer is levied by way of special assessment, connection charge or otherwise against the properties benefited, pay such special assessment, connection charge or other charge to the city in accordance with the ordinance or resolution establishing same; and
  - d. If the lateral sanitary sewers are constructed through a payback arrangement or payback district under article VII of this chapter, the owner shall pay to the city the proportionate share of the sanitary sewer installation attributable to his property in one (1) lump sum, or in annual installments if approved by the city, and shall otherwise comply with said article VII.
- (9) The property owner shall enter into and record with the Oakland County Register of Deeds an agreement with the city prepared by the city attorney that contains terms consistent with the requirements of this section and any other terms deemed appropriate by the city attorney.

( Ord. No. C-2-2012, § 1, 4-23-12. )

Secs. 33-47—33-60. - Reserved.

#### DIVISION 1. - GENERALLY

Sec. 33-121. - Definitions.

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

*City water distribution system:* All mains, connections, pipes, meters, hydrants and appurtenances connected with or served by the city water system.

*Department:* The city department of public services, division of public works.

*Service connection:* A connection serving a single water customer consisting of one water connection, one curb stop and one meter.

*Water connection:* That part of the city water distribution system connecting the water main with the premises served.

*Water main:* That part of the city water distribution system located within easement lines or streets designed to supply more than one water connection.

*Water meter:* The meter itself, the remote dial and the wire connecting them where pertinent.

(Code 1981, § 14.510)

**Cross reference**— Definitions and rules of construction generally, § 1-2.

Sec. 33-122. - Connection specifications.

- (a) All water connections made directly or indirectly to the water system shall be made only after a permit therefore has been obtained and shall be constructed only with such workmanship and such materials as are approved by the city and as are in compliance with the requirements and regulations of the County of Oakland Water Resources Commissioner and of the City of Detroit. Such requirements and regulations and the rules for approval by the city shall be available at all times in the offices of the city and shall be summarized on any water connection permit issued by the city or the offices of Oakland County Water Resources Commissioner.
- (b) Nothing in this article shall supersede the State of Michigan Construction Code requirements identified and administered and enforced by the city under chapter 7 of this Code. Provided, however, in any case where a provision of this section is found to be in conflict with any provision of state statute, the State of Michigan Construction Code or the City Code, the provision which establishes the higher standard for the promotion and protection of the health and safety of the people shall prevail.
- (c) Each service connection to the water system must be made to a water main that parallels the entire length of the street frontage of the property to be served or is located in an easement that directly abuts and parallels the entire length of the property to be served. A property owner may be permitted to temporarily connect into a water main that does not parallel the entire frontage of a street abutting the owner's property or is not located in an easement that directly abuts and parallels the entire length of the owner's property, subject to all of the following conditions:
  - (1) All of the following must be demonstrated:
    - a. Where there is an existing well on the subject property, that the temporary connection is necessary due to the failure of the well;
    - b. That the installation of a residential well, in accordance with applicable laws and ordinances, will not provide a potable water supply on the property;
    - c. That there is no other reasonable alternative; and
    - d. That the property cannot be lawfully used or occupied without a temporary connection under this section.
  - (2) Such temporary connection shall be allowed only if approved by the director of the department of public services in his discretion, and the temporary connection shall be made in the manner and at the location to be determined by said director in his discretion.
  - (3) The property owner shall be responsible for obtaining all required permits and necessary easements for the construction, facilities and connection.
  - (4) The cost of the construction and maintenance of all facilities necessary for such temporary connection shall be at the expense of the property owner.
  - (5) The property owner shall be responsible for maintaining the temporary connection, including the curb stop and water meter, at owner's expense.
  - (6) Upon failure of the property owner to comply with this section, the city may, but is not obligated to, terminate the temporary connection and take any such other action as may be necessary to correct, remediate, clean-up, repair or abate any resulting nuisance, and the owner of the property shall be responsible for paying all actual costs, administrative costs and attorney fees incurred by the city in connection with such actions. Except in emergency situations, the city shall provide the owner with thirty (30) days advance written notice prior to taking any action. In emergency circumstances, as determined in the director of the department of public service's reasonable discretion, advance notice shall not be required.
  - (7) In the event the city incurs any costs and fees relating to the temporary connection, the city shall send a billing for the total of such costs by certified mail or personal delivery to the billing address shown on the property tax roll for the owner's property, and if such billing is not fully paid within thirty (30) days after mailing or personal delivery, the unpaid amount shall be placed on and added to a billing statement for water service applicable to the benefited property, shall

constitute a lien against said property, and shall be subject to and collected in the same manner as provided for the collection water rates and charges under sections 33-236 and 33-237 of this Code.

- (8) In the event that, at any time after the temporary connection, a water main is constructed in the portion of a street abutting the owner's property or in an easement directly abutting the owner's property, the owner shall, at his expense, do all of the following:
- Within ninety (90) days of such water main becoming operational, disconnect and remove the temporary connection and make permanent connection to such water main, unless the director of the department of public services determines, in his discretion, that such requirement is no longer necessary for specifically identified reasons at the time;
  - Pay all city fees, charges and assessments related to making such permanent connection to the water main;
  - If the cost of the water main is levied by way of special assessment, connection charge or otherwise against the properties benefited, pay such special assessment, connection charge or other charge to the city in accordance with the ordinance or resolution establishing same; and
  - If the water main is constructed through a payback arrangement or payback district under article VII of this chapter, the owner shall pay to the city the proportionate share of the water main installation attributable to his property in one (1) lump sum, or in annual installments if approved by the city, and shall otherwise comply with said article VII.
- (9) The property owner shall enter into and record with the Oakland County Register of Deeds an agreement with the city prepared by the city attorney that contains terms consistent with the requirements of this section and any other terms deemed appropriate by the city attorney.

(Code 1981, § 14.1260; Ord. No. C-11-96, § 1, 5-20-96; Ord. No. C-2-2012, § 2, 4-23-12)

Sec. 33-123. - Right of entry.

By connecting premises to the water system the owner thereof irrevocably grants to the city and the department the right to enter at all reasonable times onto or in such premises for the purposes of reading meters and installation, inspection, repair and maintenance of water supply and water use facilities on or in the premises.

(Code 1981, § 14.1270)

Sec. 33-124. - Service connections; application, installation.

Application for water connections shall be made to the department on forms prescribed and furnished by it. The department may refuse to authorize a larger service pipe than reasonably required by the premises served. Water connections and water meters shall be installed in accordance with rules and regulations of the department and upon payment of the required connection fee and meter installation fee. All meters and water connections shall be the property of the city.

(Code 1981, § 14.520)

Sec. 33-125. - Turning on water service.

No person, other than an authorized employee of the department, shall turn on or off any water service, except that a licensed plumber may turn on water service for testing such plumber's work (when it must be immediately turned off) or upon receiving a written order from the department. Upon written

permit from the department, water may be turned on for construction purposes only, prior to the granting of a certificate of occupancy for the premises, and upon payment of the charges applicable thereto, which shall include the connection fee, meter installation fee and deposit.

(Code 1981, § 14.530)

Sec. 33-126. - Water emergency regulations.

If, for any reason, the available supply of water is insufficient, or threatens to be insufficient, to supply the total demand on the water distribution system, the city manager, subject to the approval of the council, may regulate, limit or prohibit the use of water for any purpose. Such regulations shall restrict less essential water uses to the extent deemed necessary to assure an adequate supply for essential domestic and commercial needs and for firefighting. Such regulations may authorize discontinuance of service to any or all areas outside the city. No such regulation, limitation or provision shall be effective until twenty-four (24) hours after publication thereof in a newspaper of general circulation in the city. Any person violating any such rule or regulation shall, upon conviction thereof, be punished as prescribed in section 1-13.

(Code 1981, § 14.620)

Secs. 33-126.1—33-126.4. - Reserved.

Sec. 33-126.5. - Temporary emergency sprinkling restrictions.

- (a) *Additional emergency regulations.* Beginning with the effective date of this amendment until the time that a seventy-two inches transmission watermain is installed and operational that connects the City of Detroit's Franklin Pumping Station to their Adams Pumping Station, the following additional emergency regulations shall also apply. Upon written notification from the Michigan Department of Public Health that the supply or pressure demand for water in the area cannot be accommodated, the following emergency regulations shall apply in the City of Farmington Hills for all properties connected to the municipal water system:
- (1) Sprinkling of lawns and landscaping shall be allowed only between the hours of 8:00 a.m. to 3:00 p.m. and 8:00 p.m. to 11:00 p.m.
  - (2) Sprinkling of lawns and landscaping shall only be allowed for properties with an even-numbered address on even-numbered dates within the month and for properties with an odd-numbered address on odd-numbered dates within the month.
- (b) *Regulations when subsection (a) not sufficient.* If in the opinion of the Michigan Department of Public Health and upon written notification from the Michigan Department of Public Health that provisions in subsection (a) are not sufficient, the following emergency regulations shall apply in the City of Farmington Hills for all properties connection to the municipal water system:
- (1) Sprinkling of lawns and landscaping shall not be allowed.
  - (2) The City of Farmington Hills shall not allow any additional connections to the municipal water system.
- (c) *Public announcement.* The city shall, within twenty-four (24) hours of the Health Department notifications, cause these regulations to be publicly announced by means of broadcast or telecasts by the stations with a normal operating range covering the city and may cause such announcement to be further declared in newspapers of general circulation when feasible. The regulations shall become effective immediately after it has been announced between 7:00 a.m. and 11:30 p.m. in accordance with this section. Upon notification from the Michigan Department of Public Health that the emergency regulations are no longer necessary, the city shall cause a public announcement in a like manner to their imposition.

- (d) *Application to hand-held attended hoses.* The emergency provisions noted in this section shall not apply to hand-held attended hose sprinkling.
- (e) *Penalty for violation.* A person who violates this section shall be responsible for a civil infraction and will be responsible to pay a fine of one hundred dollars (\$100.00) for each violation.

(Ord. No. C-6-94, § 1, 2-28-94)

Sec. 33-127. - Issuance of additional regulations.

The city manager may make and issue additional rules and regulations concerning the water distribution system, connections thereto, meter installations and maintenance, connection and meter installation fees, hydrants and water mains and the appurtenances thereto, not inconsistent herewith. Such rules and regulations shall be effective upon approval by the council. The rules and regulations now in effect shall continue until changed in accordance with this section.

(Code 1981, § 14.630)

Sec. 33-128. - Tampering with, injuring facilities.

No person, except an employee of the city in the performance of such employee's duties, shall willfully or carelessly break, damage, destroy, uncover, deface or tamper with any structure, appurtenance or equipment which is a part of the city water distribution system.

(Code 1981, § 14.640)

**State Law reference**— Malicious mischief, MCL 750.377 et seq., MSA 28.609 et seq.

Sec. 33-129. - Cross-connections.

- (a) *Adoption of state and county regulations.* The water supply cross-connection rules of the State Department of Public Health, 1979 AACSR 325.401-R 325-11407 of the Michigan Administrative Code, are hereby adopted by reference. The Cross-Connection Control Plan of the Oakland County Drain Commissioner, Operation and Maintenance Division, promulgated pursuant to the State Cross-Connection Rules, are also adopted by reference and any amendments thereto subsequently approved by the state. Copies of the plan shall be maintained in the office of the city and shall be available for public inspection during normal business hours.
- (b) *Inspections.* The department of public services shall cause inspections to be made of all properties served by the public water supply where cross-connections with the public water supply is deemed possible. The frequency of inspections and reinspections based on potential health hazards involved shall be as established by the department and as approved by the city manager.
- (c) *Right of access to property and information.* Representatives of the department shall have the right to enter at any reasonable time any property served by a connection to the public water supply system of the city for the purpose of inspecting the piping system or systems thereof for cross-connections. On request the owner, lessee or occupant of any property so served shall furnish to the inspection agency any pertinent information regarding the piping system or systems on such property. The refusal of such information or refusal access, when requested, shall be deemed evidence of the presence of cross-connections.
- (d) *Disconnection and restoration of water service.* The department is authorized and directed to discontinue water service after reasonable notice to any property wherein any connection in violation of this section exists and to take such other precautionary measures deemed necessary to eliminate any danger of contamination of the public water supply system. Water service to such property shall

not be restored until the cross-connection has been eliminated in compliance with the provisions of this section.

- (e) *Protection from contamination.* The potable water supply made available on the properties served by the public water supply shall be protected from possible contamination as specified by this section and by the state and the city plumbing code. Any water outlet which could be used for potable or domestic purposes and which is not applied by the potable system must be labeled in a conspicuous manner as:

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- (f) *Conflict resolution.* Nothing in this section shall supersede the city's plumbing code as set forth in chapter 7. Provided, however, in any case where a provision of this section is found to be in conflict with any provision of state statute or City Code, the provision which establishes the higher standard for the promotion and protection of the health and safety of the people shall prevail.
- (g) *Designation of agent.* The Oakland County Drain Commissioner, Operation and Maintenance Division is hereby designated the agent, authority and administrator of the Cross-Connection Control Program.

(Code 1981, § 14.660; Ord. No. C-11-96, § 2, 5-20-96)

**Cross reference**— Cross-connections, § 33-240.

Sec. 33-130. - Fire hydrants.

Fire hydrants are provided for the use of the city water department and the city public safety department. Other persons may be authorized to make use of such hydrants when a permit has been granted for such use. No person shall open or cause to be opened any fire hydrant without first securing a nontransferable hydrant permit. The cost and conditions of such permit shall be established by the Oakland County Drain Commissioner as agent for the city. Such person shall report to the issuing authority when such hydrant use is terminated, at which time a hydrant inspection shall be made. Any cost of repairing a hydrant shall be deducted from the security deposit. The difference shall be refunded to the depositor, but if the deposit is insufficient to cover the cost of repair the permit holder shall pay the deficit. Any person using or operating any fire hydrant without a permit shall, in addition to being subject to the penalties provided by this Code, pay for the amount of water estimated by the drain commissioner to have been used by such conduct.

(Code 1981, § 14.1200; Ord. No. C-7-01, § 2, 7-9-01)

**Cross reference**— Hydrant use approved, § 12-6.

Secs. 33-131—33-145. - Reserved.

#### ARTICLE VIII. - RATES AND CHARGES

##### DIVISION 1. - GENERALLY

Secs. 33-221—33-235. - Reserved.

##### DIVISION 2. - ADMINISTRATION

Sec. 33-236. - Billing; due date; delinquent accounts.



No free water or sewer service shall be furnished to any person, public or private, or to any public agency or instrumentality. Charges for water and sewer services shall be billed and collected quarterly or more often, as shall be determined by the council. Such charges shall become due thirty (30) days after the mailing of the water bills, and if such charges are not paid on or before such due date then a penalty of ten (10) percent shall be added thereto. If the charges for any such services furnished to any premises are not paid within ninety (90) days after the due date thereof, all services furnished by the system to such premises may be discontinued. Services so discontinued shall not be restored until all sums then due and owing, including penalties, shall be paid, plus a shutoff charge and turn-on charge in an amount to be established by resolution of the council.

(Code 1981, § 14.1210; Ord. No. C-58-85, § 1, 10-14-85)

Sec. 33-237. - Creation of lien.

Charges for services furnished by the water and sewer systems to any premises shall be a lien thereon, and on September 1st of each year the person or agency charged with the management of such systems shall certify any such charges which have been delinquent six (6) months or more, to the finance director/treasurer who shall enter the same upon the next roll against the premises to which such services shall have been rendered. Such charges shall be collected and such lien shall be enforced in the same manner as provided in respect to taxes assessed upon such roll; provided, that when a tenant is responsible for the payment of any such charge against any premises and the city is so notified by the filing of a written affidavit of the lessor in the form set forth below, with a true copy of the lease of the affected premises (if there is one) attached, then no such charge shall become a lien against such premises from and after the date of such notice. However, in event of the filing of such an affidavit of lessor, no further service shall be rendered by the system to such premises until a cash deposit equal to the average annual charge for services, with a minimum use of eight (8) MCF (one thousand (1,000) cubic feet) shall have been made as security for the payment of charges to the operator of the system. Additionally, the deposit shall also include all applicable and reasonable miscellaneous fees, charges, expenses and assessments, if any. In the event that quarterly payments for services provided are not received, the amount due will be paid from the funds on deposit. Once the funds on deposit are exhausted, service will be shut off. Service will not be re-established until any unpaid balance is paid in full and another deposit equal to four (4) times the average quarterly charge has been paid. Lessor's affidavit shall be on a form provided by the city or the agency charged with the management of the system and shall indicate the following under oath: the date of the execution of the lease, the expiration of the lease, and a statement that pursuant to the lease the lessor is not liable for the payment of charges for services furnished by the water and sewer systems. Lessor's affidavit shall be filed with the city and any agency charged with the management of the system. Lessor shall provide written notice to the city and any agency charged with the management of the system at least twenty (20) days prior to any change, cancellation or termination of the lease. In the event a lessor does not file an affidavit or fails to provide the twenty (20) days' notice of any change, cancellation or termination with respect to any premises in accordance with this section, then charges for services furnished by the water and sewer systems to such premises shall be a lien thereon and collected in the manner provided above.

(Code 1981, § 14.1220; Ord. No. C-12-2005, § 1, 12-19-05)

Sec. 33-238. - Fiscal year.

The water and sewer service systems shall be operated upon the basis of a fiscal year beginning on January first of each year and ending on December thirty-first of the same year.

(Code 1981, § 14.1230)

Sec. 33-239. - County as operating agent.

The operation, maintenance and management of the part of the county water supply system located in the city shall be under the immediate supervision and control of the county as agent for the city. The county as such agent acting through its department shall collect on behalf of and as agent for the city all charges payable thereto.

(Code 1981, § 14.1240)

Sec. 33-240. - Cross-connections.

No cross-connections shall be permitted, made, maintained or continued hereafter between any part of the water system and any other water supply facilities nor shall any other source of water, private or public, be cross-connected or interconnected with any facilities of the system or with any water mains, lines, pipes, plumbing or appliances which are connected to the system or in which water supplied by the system flows or can flow.

(Code 1981, § 14.1250)

**Cross reference**— Water supply cross-connection rules, § 33-129.

Sec. 33-241. - Enforcement.

The provisions of this division shall be enforceable as prescribed in section 1-13 or through the bringing of appropriate action for injunction, mandamus or otherwise, in any court having jurisdiction. Any violation of this division is deemed to be a nuisance per se.

(Code 1981, § 14.1280)

Secs. 33-242—33-255. - Reserved.

### DIVISION 3. - SEWER CHARGES

Sec. 33-256. - Definitions.

The following words, terms and phrases, when used in this division, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

*City-county sanitary sewers* means:

- (1) The sewage disposal system constructed to serve Farmington Township, the City of Keego Harbor, a part of West Bloomfield Township and a part of Southfield Township, all as provided in a certain contract dated November 1, 1957, between the county and such townships and city, hereinafter called the 1957 Sewer System.
- (2) The Tarabusi Industrial Arm System constructed by the county department of public works pursuant to contract with Farmington Township dated November 1, 1962, hereinafter called the Tarabusi Industrial Arm.
- (3) The Grand River Arm of the city sewage disposal system as described in a certain contract between the county and Farmington Township dated November 12, 1968, hereinafter called the Grand River Arm.
- (4) The Ten Mile Rouge Arm of the Farmington Sewage Disposal System as described in the agreement between Oakland County and Farmington Township, hereinafter called the Ten Mile Rouge Arm.

- (5) The Thirteen Mile Road Arm of the Farmington Sewage Disposal System as described in the agreement between Oakland County and Farmington Township dated March 1, 1957, hereinafter called the Thirteen Mile Road Arm.

*City sanitary sewers* means all sanitary sewers of the city except city-county sewers.

(Code 1981, § 14.900)

**Cross reference**— Definitions and rules of construction generally, § 1-2.

Sec. 33-257. - Computation of connection charges.

No premises shall be connected to any city sanitary sewer or to the 1957 Sewer System (Evergreen/Farmington Sanitary Sewer) until a permit therefor has been obtained. No such permit shall be issued until a connection charge computed as hereinafter prescribed shall have been paid to the city. The connection charge shall be:

- (1) For each existing one-family dwelling:

\$350.00	effective	1-1-90;
\$500.00	effective	1-1-92;
\$750.00	effective	7-1-93;
\$1,100.00	effective	7-1-94;
\$1,500.00	effective 7-1-95.	

For each new one-family dwelling and all other new or existing buildings:

\$350.00	effective	1-1-90;
\$1,000.00	effective	4-1-90;
\$1,500.00	effective 7-1-90.	

A "one-family dwelling" shall mean a building designed exclusively for and occupied exclusively by one-family for residential purposes.

- (2) For other than one-family dwellings, a sum to be fixed by resolution of the council. In determining such sum, the council shall give due consideration to the relative benefits to be obtained by the particular type of occupancy involved, by the availability of sewage disposal facilities as compared to the benefit obtained by a single one-family dwelling, including, but not limited to, the relative amounts of sanitary sewage to be discharged into the sewer system.
- (3) Connection charges as specified in this section and applicable to properties improved with dwellings or other buildings having septic tank facilities and in existence on the date of this Code shall become a lien upon such property as of the date such property is connected to the sewer system. Such connection charge may be paid in ten (10) equal installments, the first such installment shall be placed upon the tax roll of the year in which such property is connected, and one (1) such installment upon the city tax roll each year thereafter. Each installment, after the first installment, shall bear interest at the rate of six (6) percent per annum on the unpaid balance. Any installment may be paid in advance with interest accrued thereon to the date of payment.

(Code 1981, § 14.910; Ord. No. C-23-89, § 1(14.910), 12-11-89)

Sec. 33-258. - Unpaid special assessments.

At the time a permit is applied for to connect any property to any city or city-county sewer, the cost of which shall have been specially assessed against such property by the city, Farmington Township or the

county, there shall be charged to and collected from the applicant an additional connection charge, which charge shall be equal to the aggregate amount, including interest and penalties, of installments of special assessments against such property for the sewer which are then due and unpaid, whether or not the special assessments are at that time a lien on such property. Installments of special assessments unpaid but not then due which are a lien on such property shall not be included in computing the amount of the additional connection charge, but such installments which are not a lien thereon shall be included in such computation. The city assessor shall, on request, prepare an allocation, which shall be conclusive and binding upon the city and the property owner or applicant of any special assessment made against a larger tract of property of which the property to be connected to a sewer is a part. The proceeds of such additional connection charges shall be deposited in the general fund of the city.

(Code 1981, § 14.920)

Sec. 33-259. - 1957 Sewer System.

Connection charges for property connected to the 1957 Sewer System shall be deposited in a separate account and earmarked to discharge the obligation of the city under the contract with respect thereto.

(Code 1981, § 14.930)

Sec. 33-260. - Tarabusi Industrial Arm.

No premises shall be connected to the Tarabusi Industrial Arm until a permit therefor has been obtained. The connection charge for such permit shall be one hundred fifty dollars (\$150.00) for each one-family dwelling as defined in section 33-257. A charge for other than one-family dwellings shall be fixed by the council by resolution using the standards prescribed in this article. Such connection charges shall be deposited in a separate account and earmarked to discharge the obligation of the city under the contract with respect to the Tarabusi Industrial Arm.

(Code 1981, § 14.940)

Sec. 33-261. - Grand River Arm.

No premises shall be connected to the Grand River Arm until a permit therefor has been obtained. The connection charge for such permit shall be two hundred dollars (\$200.00) for each one-family dwelling as defined in section 33-257. A charge for other than one-family dwellings shall be fixed by the council by resolution using the standards prescribed in section 33-257. Such connection charges shall be deposited in a separate account and earmarked to discharge the obligation of the city under the contract with respect to the Grand River Arm.

(Code 1981, § 14.950)

Sec. 33-262. - Ten Mile Rouge Arm.

No premises shall be connected to the Ten Mile Rouge Arm until a permit therefor has been obtained. The connection charge for such permit shall be fourteen hundred dollars (\$1400.00) for each one-family dwelling as defined in section 33-257. A charge for other than one-family dwellings shall be fixed by the council by resolution using the standards prescribed in section 33-257. In addition to the charge mentioned above, every property and/or use which connects directly to the Ten Mile Rouge Arm shall pay a direct connection charge of two thousand five hundred dollars (\$2,500.00) for each one-family dwelling as defined in section 33-257. Such connection charges shall be deposited in a separate account

and earmarked to discharge the obligation of the city under the contract with respect to the Ten Mile Rouge Arm.

(Code 1981, § 14.960; Ord. No. C-21-89, § 1(14.960), 12-4-89)

Sec. 33-263. - Thirteen Mile Road Arm.

No premises shall be connected to the Thirteen Mile Road Arm until a permit therefor has been obtained. The connection charge for such permit shall be five hundred dollars (\$500.00) for each one-family dwelling as defined in section 33-257. A charge for other than one-family dwellings shall be fixed by the council by resolution using the standards prescribed in section 33-257. Such connection charges shall be deposited in a separate account and earmarked to discharge the obligation of the city under the contract with respect to the Thirteen Mile Road Arm.

(Code 1981, § 14.970)

Sec. 33-264. - Installment payments, Ten Mile Rouge Arm and Thirteen Mile Road Arm.

- (a) The connection charges established for connections to the Ten Mile Rouge Arm and the Thirteen Mile Road Arm for premises which are improved with dwellings or other buildings having septic tank facilities on the effective date of this Code shall become a lien upon such property on the date such property is connected to the sewer system.
- (b) Such charge may be paid in ten (10) annual installments with interest at the rate of seven (7) percent on the unpaid balance following the payment of the first installment. The first installment, equal to ten (10) percent of the connection privilege fee, shall be paid with the application for the sewer connection permit.
- (c) Subsequent installments, equal to ten (10) percent of the connection privilege fee, plus interest at seven (7) percent on the unpaid balance shall be due and payable on July first of each year following the date such property is connected to the sanitary sewer.
- (d) The finance director/treasurer shall send statements of installments and interest as set forth above and if payment is not made within sixty (60) days after the date the installment would be due, a four-percent penalty shall be added. The delinquent installment, interest and penalty, shall become a lien upon the land so charged and shall be collected in the same manner as other taxes are assessed, levied and collected, and shall be returned in the same manner for nonpayment.
- (e) Any installment may be paid at any time in advance with interest to the due date of the next installment.
- (f) Notwithstanding anything contained in this article, those properties included in the original special assessment district, the owners of which advanced sums for the construction of section one of the Thirteen Mile Road Arm shall not be subject to connection charges levied hereunder. The right to service from the Thirteen Mile Road Arm and the charges therefor with respect to such properties shall be governed by the special assessment proceedings and the agreements between the Township of Farmington and the owners of such properties in relation thereto.

(Code 1981, § 14.980)

Sec. 33-265. - Use charge system for sewer service.

- (a) *Rates and charges established.* Rates and charges for the use of the wastewater system of the city are hereby established and made against each lot, parcel of land or premises which may have direct or indirect connections to the system or which may otherwise discharge wastewater either directly or indirectly into the system.

- (b) *Basis for rates and charges; provision for debt service and maintenance; annual review.* The rates and charges hereby established shall be based upon a methodology which complies with applicable federal and state statutes and regulations. The amount of the rates and charges shall be sufficient to provide for debt service and for the expenses of operation, maintenance and replacement of the system as necessary to preserve the same in good repair and working order. The amount of the rates and charges shall be reviewed annually and revised when necessary to ensure system expenses are met and that all users pay their proportionate share of operation, maintenance and equipment replacement expenses.
- (c) *Determination of rates and charges and billing intervals.* The amount of such rates and charges and the intervals at which users of the wastewater system are billed shall be determined by resolution of the city council.
- (d) *Uniformity of rates and charges; no free service.* The rates and charges for operation, maintenance and replacement hereby established shall be uniform within the area serviced by city. No free service shall be allowed for any user of the wastewater system.
- (e) *Annual notice.* All customers of the city's wastewater system shall receive an annual notification, either printed on the bill or enclosed in a separate letter, which will show the breakdown of the wastewater disposal bill into its components for:
  - (1) Operation, maintenance and replacement; and
  - (2) Debt service.

(Code 1981, § 14.990; Ord. No. C-15-92, § 1, 2-10-92)

Sec. 33-266. - Precedence of contracts.

Should any provision of this division be in conflict with any of the provisions of the sewer construction contracts referred to in section 33-256 with respect to the obligations of the city or the security of the county, the provisions of such contracts shall have precedence and shall prevail.

(Code 1981, § 14.1000)

Secs. 33-267—33-280. - Reserved.

#### DIVISION 4. - WATER CHARGES

Sec. 33-281. - Definitions.

The following words, terms and phrases, when used in this division, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

*Charge or charges* means the amount charged at the time and in the amount hereinafter provided to each premises in the district for connecting hereinafter provided, to each premises in the district for connecting directly or indirectly to the system, for water use and availability, for debt service and for permits and installation.

*Department* means the county department of public works created pursuant to Act No. 185 of the Public Acts of Michigan of 1957 (MCL 123.731 et seq., MSA 5.570(1) et seq.), as amended.

*Oakland County Water Supply System for Farmington Township, Industrial Section 1* means that part of the city water supply system established by contract between the county and Farmington Township dated October 1, 1964, and shall hereafter be called Industrial Section 1.

*Oakland County Water Supply System for Farmington Township, Northeast Section* means that part of the city water supply system established by the county pursuant to contract with Farmington Township

dated November 1, 1966, as thereafter extended, enlarged and improved, hereinafter called the Northeast Section.

*Oakland County Water Supply System for Farmington Township, Northwest Section* means that part of the city water supply system established by the county by contract with Farmington Township dated February 1, 1973, as extended, enlarged and improved, hereinafter called the Northwest Section.

*Premises* means the lands included within the boundaries of a single description as set forth from time to time on the city tax roll as a single taxable item in the name of a taxpayer or taxpayers at one (1) address but in the case of platted lots shall be limited to a single platted lot unless an existing building or structure is so located on more than one (1) lot as to make the same a single description for purposes of assessment or conveyance now or hereafter.

*Unit* means any premises or portion of premises to which there is available or delivered that quantity of water ordinarily used in or needed for the occupancy of a residence building by a single family of ordinary size or which is occupied by such a single family.

*Water supply district or district* means any county water supply district in the city.

*Water supply services* means the transportation, metering, pumping and delivery of City of Detroit water to the premises now or hereafter connected directly or indirectly to the water supply system.

*Water supply system* means the county water supply system in the city established and acquired by the county under agreement with the city and Farmington Township and all extensions, enlargements and improvements thereto and shall also include the city water supply system.

*Water supply system A* means the water supply system of the city constructed pursuant to financing by revenue bond issue of Farmington Township authorized by an ordinance adopted March 30, 1963.

(Code 1981, § 14.1100)

**Cross reference**— Definitions and rules of construction generally, § 1-2.

Sec. 33-282. - Use of system.

The system shall be used for the transportation and delivery of City of Detroit water only. Connections to the system, directly or indirectly, and the use of water therefrom for all purposes shall be only in compliance with this Code and with the standards and regulations of the City of Detroit, the county and the city applicable thereto.

(Code 1981, § 14.1110)

Sec. 33-283. - Use measured by meter; rates for city use; payment of connection costs.

- (a) Except as otherwise provided, water to be furnished by the system to each premises shall be measured by a meter installed and controlled by the city. Water rates, capital charges, and miscellaneous charges for operation and maintenance of the public water and sewer system shall be made to the respective premises as provided by resolution of the council.
- (b) The city shall establish appropriate standards for determining the number of units to be assigned to premises of different character or occupancy.
- (c) The city shall pay for all water used by it at the water consumption rates set forth above, except that for fire hydrant service, the charge shall be five dollars (\$5.00) per year for each hydrant in the district.
- (d) The cost of water service connections from the water mains of the system to private premises shall not be paid by the city or from the revenues of the system.

(Code 1981, § 14.1120; Ord. No. C-7-2015, § 1, 7-13-15)

Sec. 33-284. - Assignment of units.

The number of units to be assigned to any particular premises used for any purpose shall be determined by the city in accordance with schedule and materials prepared, assembled and used by the city for water supply systems under its jurisdiction and its decision shall be final. The city, if the circumstances justify, may assign more than one (1) unit to a single-family dwelling. No less than one (1) unit shall be assigned to each premises but units in excess of one (1) may be computed and assigned to the nearest tenth. If subsequent changes in use of premises increase or decrease the unit classification of any premises the city may increase or decrease the number of units assigned to such premises. No change in subsequent use of any premises shall result in a decrease of unit assignment to less than one (1). Capital charges and/or debt service charges which have been collected are not returnable.

(Code 1981, § 14.1130)



# EXHIBIT - 3

## Water Rates

### Water Rates Effective July 1, 2018

Rate Component	Amount
Detroit Water Charge	\$ 25.39
Operation & Maintenance	9.17
Debt Service	2.82
Reserves	4.69
Misc. Revenue / Interest Income	(2.36)
<b>TOTAL</b>	<b>\$ 39.71</b>

Rates are per 1,000 cubic feet of water used.

Each year, the Great Lakes Water Authority (GLWA) updates their rates for the 125 communities that use their water and sewer service including Farmington Hills.

Residents are billed four times each year for the actual amount of water used, which is measured in units of 1,000 cubic feet (mcf) of water. A quarterly charge for water service will be made to each premise connected to the system in the amount of \$39.71 per mcf of metered water with a minimum quarterly charge of \$63.54 plus meter service charge. Customer quarterly bills for the July, August and September 2018 billing cycles will be prorated with use prior to July 1, 2018, billed at the 2017/2018 water rate and use after July 1, 2018 billed at the 2018/2019 water rate.

Similar to last year, this year's rate change will help fund major improvements in GLWA's century old water system, which is one of the largest in the world. The improvements are designed to provide residents with safer drinking water and cleaner rivers.

Questions regarding water and sewer issues can be directed to the Operation & Maintenance Division of the Water Resources Commissioner's Office at (248) 858-1110 or the City's Department of Public Services at (248) 871-2530.

### Conserve Water to Help Control Rates

Conserving water means smaller water bills if you live in an area serviced by a municipal water system. If your home is connected to a septic system, water conservation also can help prevent water pollution. Overloading a septic system may cause nutrient and bacterial contamination of the nearby lakes and streams. A faucet dripping at the rate of one drop per second will waste approximately 2,700 gallons (\$14.34) per year, which adds to the cost of water and sewer bills, or puts a strain on your septic system.

A large percentage of water use is in the bathroom. To help conserve water, install water-saving devices on faucets and shower heads. Place plastic jugs filled with sand or stones in your toilet tank to reduce the amount of water used per flush. (Avoid using bricks, which can flake and disrupt the operation of your toilet.) Turn off the faucet while brushing your teeth, shaving, or washing your hands and face. Take shorter showers. When filling the tub, don't let the water run down the drain while waiting for it to get hot. Fix dripping taps and leaking toilets.

To conserve water in the kitchen, don't let water run for washing or rinsing hands, dishes or food. Wash only full loads of dishes in your dishwasher using biodegradable (phosphate-free) detergents and soaps. Don't let the water run to get a cold drink. Instead, keep a bottle or pitcher of water in the refrigerator. Use your garbage disposal at the end of cooking or cleanup or when it is full. Wash only full loads of laundry.

Outside water conservation is easy. Don't over water your lawn. Ensure that your sprinklers are not watering sidewalks, driveways or streets. Water your lawn between the hours of 11:00 PM and 5:00 AM when temperature and wind speed are the lowest to avoid evaporation losses. Check your sprinklers, hoses and spigots for leaks. Do not hose down your driveway or sidewalk, use a broom instead. Do not leave running hoses unattended. Collect water from the roof gutters or have a rain barrel for lawn and plant watering. Native and/or drought-tolerant grasses, ground covers, shrubs and trees typically require less water. Avoid over fertilizing your lawn and keep your lawn three inches or higher.

# EXHIBIT - 4

## Sewer Rates

### Sanitary Sewer Rates Effective July 1, 2018

Rate Component	Amount
Evergreen / Farmington	\$ 28.11
OCWRC Operation & Maintenance	4.08
Reserves (includes MDEQ)	2.49
Debt Service	3.83
Misc. Revenue / Interest Income	(0.90)
<b>TOTAL</b>	<b>\$ 37.61</b>

Rates are per 1,000 cubic feet of water used.

Each year, the Great Lakes Water Authority updates their rates for the 125 communities that use their water and sewer service including Farmington Hills.

As of July 1, 2018 sewer rates will be billed at a rate of \$37.61 per 1,000 cubic feet of water with a minimum bill of \$60.18 per quarter. Minimum bills are necessary to share in the cost of operating and maintaining the water and sewer systems. Residents without City water will pay a flat rate for sewer of \$150.44 per quarter. Bills will be prorated so that sewer use prior to July 1, 2018 will be billed at the current 2017/2018 rate. Sewer use after July 1, 2018 will be billed at the new 2018/2019 rate.

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