

CITY of NOVI CITY COUNCIL

**Agenda Item 10
July 28, 2008**

SUBJECT: Approval of Resolution for Water Rates for 2008-2009

SUBMITTING DEPARTMENT: Finance/Water & Sewer 

CITY MANAGER APPROVAL: 

The City of Novi purchases treated water services from Detroit Water & Sewer Department (DWSD). The water rate increase to the customer for the 2008-9 fiscal year will be approximately 24.6% effective September 1, 2008 of which 23.8% is from DWSD. The water equipment rates, inspection fees and miscellaneous charges have been adjusted based on our current contract for water connection fees and the current cost of our equipment (a 15% administrative fee has been added to the cost as well as a charge for sod restoration).

Attached for your consideration is the following information:

- Water Rate Resolution
- DWSD Rate Letter
- City of Novi Water & Sewer Rate Example
- Water Rate History

The City of Novi Water & Sewer Fund, the Oakland County Drain Commission and the Detroit Water & Sewer Department (DWSD) are all not-for-profit entities and therefore rates are intended and required to cover costs. Infrastructure/capital improvement projects have been identified as the primary reason for the significant increase DWSD costs. The American Water Works Association (AWWA) recommends government agencies be prudent in the computations of reserves, either through depreciation or through a future debt service reserve to cover infrastructure costs.

The sewer rates were previously approved, and the combined water and sewer rate increase for 2008-9 is approximately 18%

RECOMMENDED ACTION: Approval of Resolution for Water Rates for 2008-2009

	1	2	Y	N
Mayor Landry				
Mayor Pro Tem Capello				
Council Member Crawford				
Council Member Gatt				

	1	2	Y	N
Council Member Margolis				
Council Member Mutch				
Council Member Staudt				

MEMORANDUM



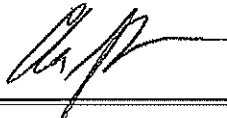
TO: Clay Pearson

FROM: Kathy Smith-Roy
Tina Glenn

CC: Pam Antil
Benny McCusker
Tim Sikma
Marina Neumaier
Marian Burke

SUBJECT: 2008-9 Water Rates

DATE: July 16, 2008

7/17/08
To: Mayor and City
Council Members
For consideration 7-28.


Attached is the motion sheet and related items to be included for consideration by City Council at the July 28 City Council meeting. The City of Novi purchases treated water services from Detroit Water & Sewer Department (DWSD). The rate increase from DWSD for 2008-9 is 23.8%. The rate schedule incorporates an increase of less than 1% in the City's markup of the water rate for the services provided by the City of Novi Water & Sewer System for its increased costs. Novi's markup remains one of the lowest in comparison with neighboring and other comparable communities. The water and sewer rate increase to the customer for the 2008-9 fiscal year will be approximately 18%. The water equipment rates, inspection fees and miscellaneous charges have been adjusted based on our current contract for water connection fees plus 15% for administrative fees. Since the vendor contract for these services expires during the current fiscal year a 1% increase has been included in these fees to cover anticipated contractual cost increases as well as a 15% administrative fee. X

If you have any questions, or need any additional information, please let me know.



cityofnovi.org

CITY OF NOVI

45175 W Ten Mile Road
Novi, Michigan 48375-3024

RESOLUTION WATER RATES

WHEREAS, the City of Novi through the Code of Ordinance, Section 34 has empowered itself to acquire, construct, and operate a water supply system; and,

WHEREAS, by Section 34-19 the City of Novi may establish rates to operate said system; and,

WHEREAS, certain rates must reflect actual costs of providing services and materials; and,

WHEREAS, the cost to finance said system demonstrates a need to increase the water rates.

NOW, THEREFORE BE IT RESOLVED that the following rates shall be implemented as the rates of the Water Supply System pursuant to Section 34-19 for all bills rendered after September 1, 2008.

WATER RATES Minimum Rate Schedule

<u>Meter Size</u>	<u>Consumption</u>	<u>Minimum Rate per Quarter</u>
5/8"	1st 7,000 gallons	\$ 41.00
1"	1st 15,000 gallons	71.00
1 1/2"	1st 20,000 gallons	91.00
2"	1st 30,000 gallons	130.00
3"	1st 50,000 gallons	209.00
4"	1st 60,000 gallons	249.00
6" or larger	1st 90,000 gallons	367.00

\$3.95 per Thousand Gallons over Minimum

NOW, THEREFORE BE IT RESOLVED, that the new rates related to water fees will be established as follows:

EQUIPMENT FEES

<u>Service Size</u>	<u>Meter Size</u>	<u>Public Street</u>	<u>Private Street</u>
1"	5/8"	\$1,458	\$1,144
1"	1"	\$1,590	\$1,276
1 ½"	1"	\$2,577	\$1,706

EQUIPMENT FEES

<u>Service Size</u>	<u>Meter Size</u>	<u>Public Street</u>	<u>Private Street</u>
1 ½"	1 ½"	\$2,779	\$1,908
2"	1 ½"	\$3,185	\$2,372
2"	2"	\$3,354	\$2,541

Service on Public Roads over 60 feet, there will be an additional fee per Right of Way foot of:

<u>SERVICE SIZE</u>	<u>FEE/PER RIGHT OF WAY FOOT</u>
1"	\$ 12.00
1 ½"	\$ 14.00
2"	\$ 16.00

An additional \$ 1,500 fee will be assessed for taps into a concrete water main. A separate additional fee will be assessed if a directional bore is needed (please contact the Water & Sewer Department).

METERING EQUIPMENT FEES

<u>SIZE</u>	<u>METER</u>	<u>METER HORN</u>	<u>FLANGES</u>	<u>STRAINER</u>	<u>RADIO REMOTES</u>
5/8"	\$ 106	\$ 36	N/A	N/A	\$86
1"	202	72	N/A	N/A	86
1 ½"	443	N/A	33	N/A	86
2"	607	N/A	38	N/A	86
3" (Turbine)	827	N/A	47	478	86
3" (Compound)	2,132	N/A	47	478	86
4" (Turbine)	1,407	N/A	60	641	86
4" (Compound)	3,003	N/A	60	641	86

6" and larger Compound and Turbine meters and equipment will be actual costs plus 15% City of Novi Administrative Fee

MISCELLANEOUS CHARGES

Miscellaneous Inspection Fee		\$ 90
Turn-off or Turn-on Service	(regular hours)	90
Turn-off or Turn-on Service	(Saturdays or Evenings)	175
Turn-off or Turn-on Service	(Sundays or Holidays)	250
Water Meter Test		85
Unmetered Water - Single Family Residential Construction		105
Unmetered Water - Non-Single Family Residential Construction		365
Permits to Use Fire Hydrant Fees:		
Backflow Preventer & Meter Deposit		650
Hydrant Deposit		200
Permit Fee		60
Inspection Fee		60
Rental Fee	\$3.00/per day, \$20/per month	

WATER TAP FEES

For the privilege of tapping into the Water Supply System, there shall be a charge of One Thousand One Hundred Seventy-Five Dollars (\$1,850.00), multiplied by the unit factor set forth in the Unit Factor Chart as adopted by the City Council. With the exception of those users served directly by the water main constructed and financed by Special Assessment District Number 126 who will be charged Five Hundred Dollars (\$ 500.00) multiplied by the factor set forth in the Unit Factor Chart.

SPECIAL RATES

For miscellaneous services for which, in the judgment of the City Council a special rate should be established, such rates shall be established and charged in accordance with the schedule of rates adopted by resolution of the City Council.

CERTIFICATION

I HEREBY CERTIFY that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Novi at a regular meeting held the 28th day of July 2008.

By: Maryanne Cornelius
Its: City Clerk

CITY OF DETROIT
WATER AND SEWERAGE DEPARTMENT
GENERAL ADMINISTRATION

735 RANDOLPH STREET
DETROIT, MICHIGAN 48226-2830
PHONE 313•224•4800/224•4801
FAX 313•224•6067
WWW.CI.DETROIT.MI.US

May 6, 2008

TO: All Water and Sewerage Customers of the
Detroit Water and Sewerage Department

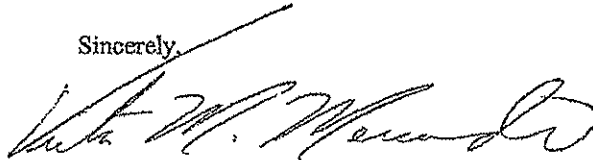
RE: FY 2008/09 Water and Sewage Rates and Charges

This letter is submitted to officially notify you of the new water and/or sewage rates and charges confirmed by the Detroit City Council on May 6, 2008.

The rates and charges applicable to your community are indicated on the enclosed. These rates and charges will be effective on all bills rendered by the Detroit Water and Sewerage Department as of October 1, 2008. They will apply to flows/usage by your community beginning September 3, 2008.

The external audit activities for FY 2006/07 are still in progress. Calculation of the FY 2006/07 Sewage Look-Back Adjustment will be the final step in the process. Once this is complete, the appropriate total net credit or debit adjustment will be prorated over a 12-month period. The Department will submit the net Look-Back adjustment schedule to each community in a separate mailing.

Sincerely,



Victor M. Mercado
Director

VM/RC/rjc
Enclosures

**APPROVED FISCAL YEAR 2008-2009
WATER RATES**

Community: **Novi**

Recommended Consumption Rate:

per Mcf

\$25.14

**APPROVED FISCAL YEAR 2008 - 09
SUBURBAN SEWAGE RATES**

Community: Novi

Servicing Authority: Middle Rouge Valley District

	<u>User Charge</u> \$	<u>Capital Portion</u> \$	<u>Gross Rate</u> \$	<u>2006-07 Look-Back Adjustment</u> \$	<u>Net Rate</u> \$
A) Flow Rate (Per 1,000 Cubic Feet)	5.59	4.79	10.38		
Monthly Charge:	100,835.47	151,648.14	252,483.61		
Annual Look-Back Adjustment (a)				Not Available	
B) Proposed Industrial Surcharge Rates, Per Excess Pound:					
1. Biochemical Oxygen Demand (BOD) in excess of 275 mg/l	0.176	0.078	0.254	Not Available	Not Available
2. Total Suspended Solids (TSS) in excess of 350 mg/l	0.259	0.065	0.324	Not Available	Not Available
3. Phosphorus (P) in excess of 12 mg/l	3.111	0.618	3.729	Not Available	Not Available
4. Fats, Oils, & Grease (FOG) in excess of 100 mg/l	0.137	0.084	0.221	Not Available	Not Available
C) Proposed Industrial Waste Control Charge, per month:					
Non-Residential <u>Meter Size</u>					
5/8"	6.23	0.14	6.37	Not Available	Not Available
3/4"	9.35	0.21	9.56	Not Available	Not Available
1"	15.58	0.35	15.93	Not Available	Not Available
1-1/2"	34.27	0.77	35.04	Not Available	Not Available
2"	49.84	1.12	50.96	Not Available	Not Available
3"	90.34	2.03	92.37	Not Available	Not Available
4"	124.60	2.80	127.40	Not Available	Not Available
6"	186.90	4.20	191.10	Not Available	Not Available
8"	311.50	7.00	318.50	Not Available	Not Available
10"	436.10	9.80	445.90	Not Available	Not Available
12"	498.40	11.20	509.60	Not Available	Not Available
14"	623.00	14.00	637.00	Not Available	Not Available
16"	747.60	16.80	764.40	Not Available	Not Available
18"	872.20	19.60	891.80	Not Available	Not Available
20"	996.80	22.40	1,019.20	Not Available	Not Available
24"	1,121.40	25.20	1,146.60	Not Available	Not Available
30"	1,246.00	28.00	1,274.00	Not Available	Not Available
36"	1,370.60	30.80	1,401.40	Not Available	Not Available
48"	1,495.20	33.60	1,528.80	Not Available	Not Available

(a) Adjustments to be prorated over a 12 month period on bills issued during FY 2008-09.

CITY OF NOVI
Example of Water & Sewer Charges using Huron/Rouge Metered Rate

	2007-2008	2008-2009	Increase
Quarterly:			
Water			
1st 7,000 gallons	\$ 33.00	\$ 41.00	\$ 8.00
23,000 gallons	72.51	90.85	17.94
Sewer			
	169.60	173.30	5.78
	\$ 172.51	\$ 207.15	\$ 34.64 /quarter
Annually	\$ 702.04	\$ 828.60	\$ 126.56 /year
			18.03%

Based on annual water consumption of 30,000 gallons per quarter and a 5/8" meter.



**City of Novi
Water Rates Schedule**

Water Rates Per Thousand Gallons Over Minimum

2007-2008	2008-2009	DWSD %	2007-2008	2008-2009
<u>DWSD to Novi</u>	<u>DWSD to Novi</u>	<u>Increase</u>	<u>Novi to Customer</u>	<u>Novi to Customer</u>
\$ 2.715	\$ 3.361	23.794%	\$ 3.170	\$ 3.950
				24.605% Increase

Meter Size	Consumption	3.95¢ 1,000 Gallons	Maintenance Fee	2008-2009 Minimum Rate	% Change
5/8"	7,000	\$ 27.65	\$ 11.60	41.00	24.24%
1"	15,000	59.25	11.60	71.00	22.41%
1 1/2"	20,000	79.00	11.60	91.00	22.97%
2"	30,000	118.50	11.60	130.00	22.64%
3"	50,000	197.50	11.60	209.00	23.67%
4"	60,000	237.00	11.60	249.00	23.88%
6"	90,000	355.50	11.60	367.00	23.99%

**City of Novi
Sewer Rates Schedule**

**Huron Rouge Metered Sewer Rate
Per Thousand Gallons of Metered Water Consumption**

2007-2008	2008-2009	OCDC %	2007-2008	2008-2009
<u>OCDC to Novi</u>	<u>OCDC to Novi</u>	<u>Increase</u>	<u>Novi to Customer</u>	<u>Novi to Customer</u>
\$ 1.769	\$ 1.913	8.71%	\$ 2.32	\$ 2.51
				8.171% Increase

**Huron Rouge District Unmetered Sewer Rate
Per Quarter/Per Tap Unit**

2007-2008	2008-2009	OCDC %	2007-2008	2008-2009
<u>OCDC to Novi</u>	<u>OCDC to Novi</u>	<u>Increase</u>	<u>Novi to Customer</u>	<u>Novi to Customer</u>
\$ 66.15	\$ 71.55	8.16%	\$ 77.00	\$ 83.28
				8.16% Increase

City of Novi - Water Rates:

Year	DWSD to Novi per/MCF	DWSD to Novi per/1000 gals.	% of Increase	Effective Date	Novi to Customer per/MCF	Novi to Customer per/1,000 gals.	% of Increase	Effective Date	% INCREASE OVER WHOLESALE
80-81	\$5.50	\$0.735			\$7.872	\$1.050		12/01/80	
82-83	\$8.25	\$1.103	50.000%		\$12.296	\$1.640	56.190%	07/01/82	48.70%
83-84	\$8.83	\$1.180	7.030%		\$12.296	\$1.640	0.000%	07/01/82	38.94%
84-85	\$6.90	\$0.922	-21.857%		\$9.372	\$1.250	-23.780%	08/01/84	35.52%
85-86	\$7.39	\$0.988	7.101%		\$9.297	\$1.240	-0.800%	07/01/85	25.52%
86-87	\$7.59	\$1.015	2.706%		\$9.297	\$1.240	0.000%	07/01/85	22.21%
87-88	\$7.22	\$0.965	-4.875%		\$9.297	\$1.240	0.000%	07/01/85	28.47%
88-89	\$7.55	\$1.009	4.571%		\$8.322	\$1.110	-10.484%	07/01/88	9.98%
89-90	\$7.55	\$1.009	0.000%		\$8.322	\$1.110	0.000%	07/01/88	9.98%
91-92	\$8.66	\$1.158	7.444%	07/01/91	\$8.322	\$1.110	0.000%	07/01/88	-4.12%
92-93	\$9.51	\$1.271	9.815%	07/01/92	\$11.171	\$1.490	34.234%	04/01/92	17.20%
93-94	\$9.51	\$1.271	0.000%	07/01/93	\$11.171	\$1.490	0.000%	04/01/92	17.20%
94-95	\$10.20	\$1.364	7.256%	07/01/94	\$11.171	\$1.490	0.000%	04/01/92	9.27%
95-96	\$10.51	\$1.405	3.039%	07/01/95	\$11.171	\$1.490	0.000%	04/01/92	6.05%
96-97	\$10.62	\$1.420	1.047%	07/01/97	\$12.296	\$1.640	10.067%	04/01/92	15.52%
97-98	\$11.06	\$1.479	4.143%	07/01/97	\$13.495	\$1.800	9.756%	08/01/97	21.74%
98-99	\$11.82	\$1.580	6.872%	07/01/98	\$13.945	\$1.860	3.333%	07/01/98	17.71%
99-00	\$12.15	\$1.624	2.792%	07/01/99		no increase			14.52%
00-01	\$12.43	\$1.662	2.305%	07/01/00	\$14.245	\$1.900	2.151%	08/01/00	14.34%
01-02	\$14.13	\$1.889	13.677%	07/01/01	\$16.194	\$2.160	13.684%	08/01/01	14.35%
02-03	\$16.19	\$2.164	14.579%	07/01/02	\$18.593	\$2.480	14.815%	08/01/02	14.59%
03-04	\$16.66	\$2.227	2.903%	07/01/03	\$19.118	\$2.550	2.823%	08/01/03	14.50%
04-05	\$16.97	\$2.269	1.861%	07/01/04	\$19.493	\$2.600	1.961%	08/01/04	14.61%
05-06	\$18.11	\$2.421	6.718%	07/01/05	\$20.843	\$2.780	6.923%	08/01/05	14.83%
06-07	\$18.86	\$2.521	4.141%	07/01/06	\$22.042	\$2.940	5.755%	08/01/06	16.61%
07-08	\$20.31	\$2.715	7.688%	07/01/07	\$23.683	\$3.170	7.823%	08/01/07	16.76%
08-09	\$25.14	\$3.361	23.794%	09/03/08	\$29.567	\$3.950	24.606%	09/01/08	17.53%