

cityofnovi.org

CITY of NOVI CITY COUNCIL

Agenda Item 3
June 1, 2009

SUBJECT: Approval to enter into a Water Service Contract with the Detroit Water and Sewerage Department for the purpose of purchasing bulk water covering a 30-year term from July 1, 2009 through June 30, 2039.

SUBMITTING DEPARTMENT: Department of Public Services, Water and Sewer Division

CITY MANAGER APPROVAL

ESTIMATED ANNUAL EXPENDITURES	\$6,000,000 (OFF SET BY USER CHARGES)
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BACKGROUND INFORMATION:

The City of Novi has actively been working with the Detroit Water and Sewerage Department (DWSD) since November 2008 to negotiate a 30-year wholesale water service contract (Tim Sikma's May 20, 2009 memorandum, attached). The negotiated contract addresses policy changes from DWSD's preexisting year to year contract. The most significant change was the creation of a Technical Advisory Committee (TAC) that will be able to make recommendations to DWSD regarding rates, rate methodologies, and performance of the water system. The TAC will also be able to review Capital Improvement Program projects and proposals made by customers to improve the operation of the water system.

Over 41 of the 83 first-tier water customers have already signed a contract with DWSD, and several other communities are currently in the negotiation process. The attached memorandum includes detailed information regarding rates and the salient issues associated with this contract, and describes why we find no reason to delay entering into a new contract with DWSD.

The water contract negotiations team's overall goal in developing and implementing the attached water service contract was to reach an agreement on terms and conditions that would benefit the citizens of Novi over the contract's 30-year term. The attached contract is designed to focus on providing water services to meet the demands of our community in the most efficient and economic way possible and with the least amount of rate volatility.

The City of Novi's initial rates for 2009-2010 (effective July 1, 2009) with this contract in place is expected to be \$25.68 per 1000 cubic feet of water (or per MCF). This rate is over 7% lower than the projected 2009-2010 rate of \$27.63 per MCF if a contract were not in place.

RECOMMENDED ACTION: Approval to enter into a Water Service Contract with the Detroit Water and Sewerage Department for the purpose of purchasing bulk water covering a 30-year term from July 1, 2009 through June 30, 2039.

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

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

MEMORANDUM



TO: ROB HAYES, DIRECTOR OF PUBLIC SERVICES
FROM: TIM SIKMA, WATER AND SEWER MANAGER
SUBJECT: WATER SERVICE CONTRACT
DATE: MAY 20, 2009

5-21-09
To: Mayor and City
Council Members

Forthcoming to you.

Background

Novi Township entered into an agreement with the Detroit Water and Sewerage Department (DWSD) to purchase bulk water on April 20, 1964. The initial connection was located on Ten Mile Road and served approximately 500 customers near Meadowbrook Road. This contract was routinely updated as the City grew until 1999. The amended contract is now formally expired, however, and the City and DWSD have been operating on a year-to-year contractual basis by automatic extension of the terms and conditions of the amended original contract. Because DWSD had similar year-to-year contracts that needed to be renewed with several other southeast Michigan communities, DWSD leaders recognized that this situation could affect its bond ratings and therefore the costs of financing water projects. As a result, DWSD introduced the idea of having a model contract for all customer communities was developed by DWSD, and over a period of several years a model 30-year water service contract was eventually produced that has a generally uniform set of terms and conditions, with the opportunity for community-specific provisions in the exhibits applicable to each separate community relating to service area, pressure and flow rates, and max day and peak hour factors.

On November 13, 2008, the City of Novi formally started negotiations with DWSD on the Novi-specific terms of a proposed contract. The Novi negotiation team included Kathy Smith-Roy, Rob Hayes, Brian Coburn, Tina Glenn, Beth Kudla (Secretst Wardle), Vyto Kaunelis (Orchard, Hiltz & McCliment), and me. Each team member played an active role by representing his/her respective discipline and background. Various issues relating to finance, legal, engineering, operations, and maintenance were all brought to the table during the negotiations process. The team met with DWSD officials on many occasions to work out numerous contract details, including provisions for future water storage, meter pit ownership and maintenance responsibilities, pressure requirements, and emergency inter-connections with neighboring communities.

The negotiation process is now complete and ready to be brought before City Council. This memorandum highlights the DWSD model contract concept, describes the negotiation process, and summarizes the results of the 6-month long water contract negotiation.

Model Contract Concept

In 2004, DWSD formally established a Contracts Work Group with the goal of securing 30-year contracts with each of the 83 wholesale customers connected to the DWSD water system, which allows DWSD to solidify long-range plans for the overall water system. Also in 2004, the customer communities and DWSD jointly formed a Technical Advisory Committee (TAC) to help identify the unique needs of the communities and provide a process by which the Work Group as a whole could understand and address those issues in the contract. Over the next few years, the

Contracts Work Group developed a form of contract that was intended to be adopted by all the various communities, spelling out the role of the TAC as a working partnership between the wholesale customers and the City of Detroit Board of Water Commissioners. Under this model contract, the TAC will be a standing body tasked with the ongoing development of recommendations regarding system planning and supply. It will also be used as a forum to discuss water rates, rate methodologies, and system performance.

From the City's perspective, the formation of the TAC gives wholesale customers a voice in the rate review process. It will also help establish transparency between the City and DWSD, and limit rate volatility. As an active member of the TAC, I am encouraged by the partnership that the committee has established with DWSD as it is formally spelled-out in the model contract. Without the efforts of our negotiating team - and Beth Kudla in particular - the TAC's power relative to DWSD would not have been part of the model contract.))

The model contract also features operational commitments by DWSD for the water system. Specifically, the contract prescribes limits on critical parameters such as annual water volume and pressures to be supplied to the City of Novi. The other critical parameter is water use on a maximum day and peak hour basis. The water usage is totalized on a daily basis for the City of Novi and the greatest daily total used over a 24-hour period is called the **maximum day usage**. The hourly totals are also calculated daily and the greatest total consumption of water used during any given hour is called the **peak hour usage**. Although displayed at a rate of a million gallons per day (MGD), it is actually determined based on the flow rate during any hour during the day.

The contractual requirement that the City operate within these supply/demand parameters is critical to both DWSD and the City of Novi, since the parameters form the basis for planning for DWSD's future capital improvements and system operation and maintenance and their establishment was therefore one of DWSD's main goals in devising the model contract process. In Novi, we have been monitoring these parameters for several years and the current rate structure uses annual water volume, maximum day usage, and peak hour usage in our water rate calculations.

Process of Negotiations

Meter Pits

During the course of negotiations, we reached agreement in regard to delineating operation and maintenance responsibilities at DWSD metering pit locations. Specifically, it was agreed that the City of Novi would be responsible for maintaining all pipes, valves, and appurtenances outside of each meter pit's walls, while DWSD would assume responsibility inside of each station. DWSD originally wanted to demarcate the City's maintenance responsibilities at the first valve downstream of the meter inside meter pits; however, we objected to this because of the added safety risks of doing confined space entries, and the inherent difficulties associated with working on valves in a confined space.

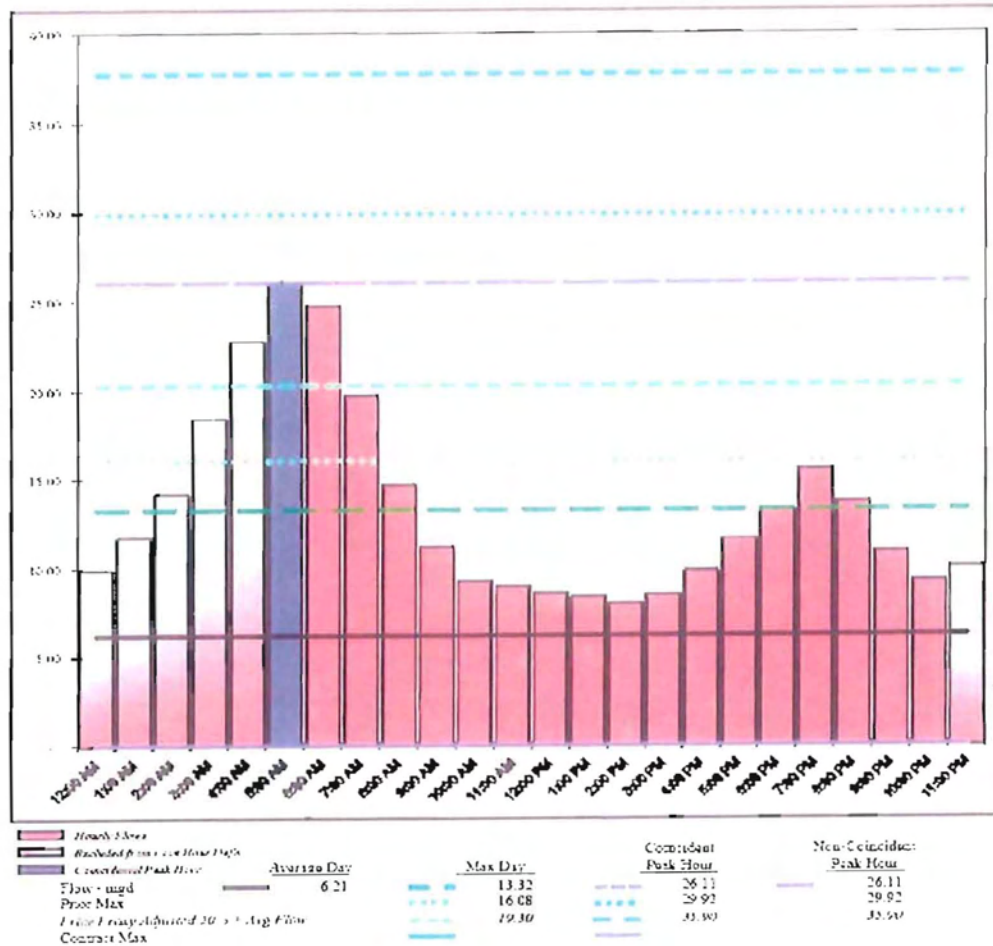
Pressures & Consumption

Following a series of negotiation meetings, we also came to agreement on specific pressures to be supplied at each meter location. Another key topic of discussion was how water use relates to wholesale water rates. DWSD bases wholesale water rates on a customer community's maximum day and peak hour usages. This is because DWSD must be prepared to meet these extreme demands and therefore must build the appropriate infrastructure to do so. The added

cost of infrastructure to meet maximum day and peak hour demands gets passed-on to the customer in the form of higher water rates.

Wholesale Customer Flow Profile - Hourly Flows
 Summer 2008 Data - DWSD Max Day August 18, 2008

Novi



PRELIMINARY

IFG
 THE FOSTER GROUP

9/29/2008

Rates

During the negotiation process, DWSD presented several ways in which the City of Novi could lower its bulk water rate. Based on the rate structure, the City can lower rates by lowering the peak hour usage.

Figure 1 above illustrates this concept by depicting the City's hourly water consumption rate, measured in million gallons per day (MGD) on what was the maximum day for 2008 – August 18th. Figure 1 shows the maximum day usage of 13.32 MGD (dark green horizontal dashed line);

and the peak hour usage of 26.11 MGD occurred between 5:00 AM and 6:00 AM that same day (blue vertical bar). A demonstrated reduction in demand from the peak hour to earlier or later in the day translates into a lower bulk water rate because DWSD would no longer need to provide costly infrastructure and higher electrical costs to meet this higher demand.

DWSD has agreed to not use the peak hour rate calculations for high flows between the hours of 11:00 PM and 5:00 AM. Therefore, the City's management strategy for water use for the summer of 2009 is to push the peak water usage (blue bar) to the left on this graph. This will lower the actual peak demand and eventually reduce peak hourly rates for the City of Novi. The idea behind the model contract is that, if this process is successful in a number of communities, DWSD can effectively produce water at more constant rate and thereby lower its electrical use and costs.

We plan to reduce our maximum day usage by implementing programs that will reduce water use during the summer. Specifically, DWSD suggested that we develop a public education program that would reduce the maximum day and peak hour use for the City. The public education program includes the attached policy information along with the ordinance changes approved by City Council in March. We will measure these programs over the summer months to determine progress of lowering demands.

DWSD has supplied internet access to our meters to help us monitor flow values so we can track our progress in meeting our targeted water demands. The attached Risk Acknowledgement Letter explains some of the initiatives that the City of Novi started implementing in December 2008. This letter indicated some of the risks in the contract by exceeding the terms of the contract water demands. The primary way we plan to limit these risks is by continuing to implement this public education program. For that reason, City Council approved an ordinance language change in March 2009 to reduce maximum day usage by requiring customers to only water their landscaping on alternating days. The odd and even day watering requirement is intended to cut the time of watering each day. The reduction of peak hour use on this ordinance was achieved by requiring customers to only water between 11:00 PM and 5:00 AM. These programs are scheduled for enforcement during the summer months as we monitor the water usage from DWSD. As explained in the water contract flow limits, we will continue to implement the public education program to reduce future rates within our community.

Another way of reducing rates is to utilize a water storage facility. We had extensive discussions about using water storage to reduce maximum day and peak hour use to "shave" the peaks within our water system. If we were to implement a water storage option, the water pumped into it from DWSD during off-peak hours could be used to supply our residents during the peak hours without placing what would otherwise be an extreme demand on the DWSD system. Because construction of a storage facility would be capital-intensive, we are currently only actively implementing an aggressive public education program to shave peak demands. We have not found any guarantees of future cost savings should a water storage option be implemented, and it is possible that the DWSD rate methodology could change in the future; therefore, we will keep you informed as we progress in our efforts to evaluate storage as a feasible option.

Outcome of Negotiations

The final negotiation meeting was held with DWSD on May 8, 2009. DWSD officials were impressed with the quality of the City of Novi's approach to the public education program and ordinance amendment, and subsequently offered a rate for the 2009/2010 rate season of \$25.68 instead of \$25.92.

Although we expect gradual rate adjustments from year to year, the contract provides for a review of the assigned flow rates after the first two years and then again in year three and every five years thereafter. The table below shows the contract rates for the City of Novi for the remainder of 2009 and first six months of 2010 (the contract becomes effective upon signing, rates are reviewed each July):

	Max Day Volume (MGD)	Peak Hour Volume (MGD)	Current Rate	June 2, 2009 – June 30, 2009 Wholesale Rate per MCF	Annual Projected Costs based on 2008/2009 rate	July 1, 2009 to June 30, 2010 Wholesale Rate per MCF	Annual Projected Costs based on 2009/2010 rate
Rate <i>without</i> a contract	20.18	37.53	\$25.14	\$25.14	\$8,170,500	\$27.63	\$8,979,750
Rate <i>with</i> contract, public education and ordinance change	New Contracted Maximum Usages			\$23.94		\$25.92	\$8,424,000
	18.77	34.90					
Rate <i>with</i> contract, based on Novi's current enhanced public education and ordinance amendment (for June 2008)	18.57	34.53				\$25.68	\$8,346,000

Costs are based on an annual volume of 325,000 MCF (1 MCF = 1000 cubic feet of water)

Note in reviewing the above table that the City's 2009-2010 wholesale rate under the new contract will increase approximately \$.78 per MCF from the 2008-2009 rate under the former contract, the increase is due to a system-wide increase by DWSD related primarily to increased costs for water treatment, bond rates and capital improvement spending combined with lower revenues due to a wet 2008-2009 summer season (which decreased overall water sales). If the City remained under former contract, the City's rate increase would be approximately \$1.95 per MCF higher than new 2009-2010 rate that goes into effect on July 1, 2009.

The City Attorney's office concurred with the negotiation team's recommendation to move forward with executing the water services contract with DWSD. The attached letter from Beth Kudla dated April 24, 2009, addresses the key items of the contract including the ownership of the meter pits, the availability of storage, and the actual contracted rates for water over the next two years.

The contract terms leave the opportunity to utilize water storage in the future. It is our recommendation to allow the TAC time to discuss the possibility of using DWSD's existing Haggerty station as a regional storage facility as an alternative to the City building its own storage facility. We are still hopeful to reach a conclusion on the regional storage issue soon, but because the first rate proxies only cover a two-year period, we did not feel that exploring this option would delay the City's original plans for a City storage facility should it choose to construct one in the future. In addition, the initial anticipated cost of operation and maintenance at the Haggerty facility, if turned over to a consortium of Novi and surrounding communities, appears higher than earlier anticipated. Further negotiations will be necessary with the TAC, DWSD, and

Oakland County in order for the regional storage concept to become fiscally advantageous for the City to pursue.

The negotiations team's overall goal in developing and implanting the attached contract was to reach an amicable conclusion that will benefit the citizens of Novi. The contract that we are requesting City Council to implement is designed to focus on providing water services to meet the demands of our community in the most efficient and economic way possible and with the least amount of rate volatility. The initial rates for our community for 2009-2010 effective July 1, 2009 with this contract in place is expected to be \$25.68 per 1000 cubic feet of water, or MCF. This rate is 7% lower than the project 2009-2010 rate of \$27.63 per MCF without a contract.

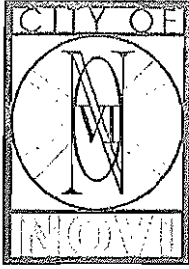
Conclusion

The negotiation team has made extensive efforts in developing this contract. This is evident in the efforts shown in our education program, the water study, and the many other water projects that we have accomplished together over the last several months of negotiations. Several people were involved in this process including the team noted above, and special thanks go to Tina Glenn, Sheryl Walsh, Marian Burke and the Treasury Department staff, the Water and Sewer Division, and members of Finance.

It is our hope that the recognition of these efforts will solidify an ongoing partnership with DWSD that will extend into the 30-year term of this contract by providing water - one of the essential resources we as a City can provide to our citizens.

cc: Kathy Smith-Roy, Finance Director
Brian Coburn, Sr. Civil Engineer
Beth Kudla, Secret Wardle
Vyto Kaunelis, OHM
Tina Glenn, Finance

Appendix 1
City Correspondence to DWSD
regarding Rationale for Lower Rate



May 8, 2009

Pamela Turner, Interim Director
Detroit Water and Sewerage Department
735 Randolph
Detroit, Michigan 48226

CITY COUNCIL

Mayor
David B. Landry

Mayor Pro Tem
Bob Gatt

Terry K. Margolis

Andrew Mutch

Kathy Crawford

Dave Staudt

Brian Burke

City Manager
Clay J. Pearson

City Clerk
Maryanne Cornelius

Re: Proposed Water Contract Flow Limits

Dear Ms. Turner:

This letter is intended to summarize the City of Novi's rationale for seeking the Detroit Water and Sewerage Department's (DWSD) agreement to the contract maximum flow rates of 18.57 MGD for max day and 34.53 MGD for peak hour for calendar year 2009, and 18.57 MGD for max day and 34.53 MGD for peak hour for calendar year 2010. The City understands and acknowledges the risks and consequences under the terms of the contract if these flow limits are exceeded.

The City acknowledges that one of the objectives of both the Technical Advisory Committee (TAC) and DWSD in jointly drafting the model contract was to avoid exceedances of the contracted maximum flow rates in order to reduce rate volatility. Additionally, the City acknowledges that the TAC Analytical Workgroup recommended a 20% uniform adjustment factor in the 2008-2009 rates in order to insure that no DWSD customer would exceed its flow rates. Through its contract negotiations, the City seeks adjustment factors for its max day and peak hour flow rates that are lower than the 20% proposed by the TAC.

The City's rationale for the lower adjustment factors is summarized below:

1. **Community Calendar** – "watering time" clock being displayed on various days throughout the watering season. Calendar Insert displaying facts & watering times (see attached).
2. **Engage Articles** - Two H2O *In the know* articles published first and second quarters (see attached).
3. **Residential Educational Mailings** – included with water billings for March, April & May (District 1 – 2nd quarter, District 2 – 1st quarter, District 3 – 1st quarter). Newsletter includes educational information about how our rates are determined, how we can work together as a Community to shift our peak flow and reduce our water rates (see attached).
4. **Commercial Education Mailings** (including Irrigation Contractors) – letters being mailed prior to watering season (see attached).
5. **Cable Announcement** – will be airing an 8-9 minute skit providing educational information about water rates and ways to shift peak demand. To be coordinated with Community Relations.
6. **Website** – educational information is on our website regarding our Lawn Watering Ordinance, supporting articles on lawn care, H2O *In the know* newsletter, FAQ sheet and brochure.
7. **Subdivision Association Meetings** - Water staff will attend subdivision meetings to provide information & assistance in setting irrigation systems to water during non-peak hours.
8. **Customer staff in Treasury/Water Department** – All staff are trained to inform customers that visit the counter of our irrigation policy and information about the advantages of watering during non-peak hours.

City of Novi
45175 W. Ten Mile Road
Novi, Michigan 48375
248.347.0460
248.347.0577 fax

cityofnovi.org

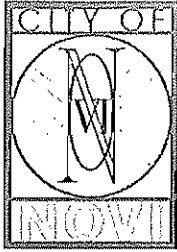
9. **Chamber of Commerce** – Water staff to attend annual luncheon to pass out fliers and offer assistance in programming sprinkler systems for businesses.
10. **Schools** – Water staff to visit schools to provide education to students about the importance of water conservation.
11. **Door Hangers** – Water department will utilize temporary, seasonal staff to distribute door hangers as reminders to those customers not adhering to the recommended watering times (see attached door hanger).
12. **Provide assistance in programming irrigation systems for Associations and Commercial Users** – Water Department will utilize part-time, seasonal staff to assist programming irrigation systems to operate during the desired hours.
13. **Internal Policy regarding irrigation of municipal property** – See attached policy.
14. **Ordinance** – City Council approved an amendment to our existing Lawn Watering Ordinance, which now includes a requirement to operate underground, programmable irrigation systems during non-peak hours of 11:00 pm to 5:00 am and increases the fine for violations of the Ordinance. See attached amended Lawn Watering Ordinance.

The City is committed to implementing and/or continuing the aforementioned actions to insure that we meet the contract flow limits. For these reasons, the City asks that DWSD agree to the max day and peak hour limits proposed by the City.

Sincerely,



Tim Sikma
Water and Sewer Manager



cityofnovi.org

CITY OF NOVI
POLICIES & PROCEDURES
Water Demand Management Procedures

Purpose:

To increase public education initiatives to more aggressively inform public of the need to shift peak demand usage into non-peak hours in order to receive a reduced wholesale water rate from our wholesale provider, the Detroit Water and Sewerage Department (DWSD). The following methods will be utilized to communicate this message.

Methods:

1. Public education:

- Educate community about the need to water on odd/even days to reduce our "max day" volume.
- Educate community about the need to water between 11 PM – 5 AM to reduce our "peak day"

a. Mass Communication:

1. **Community Calendar** – "watering time" clock being displayed on various days throughout the watering season. Calendar Insert displaying facts & watering times (see attached).
2. **Engage Articles** - Two H2O *In the know* articles published first and second quarters (see attached).
3. **Residential Educational Mailings** – included with water billings for March, April & May (District 1 – 2nd quarter, District 2 – 1st quarter, District 3 – 1st quarter). Newsletter includes educational information about how our rates are determined, how we can work together as a Community to shift our peak flow and reduce our water rates (see attached).
4. **Commercial Education Mailings** (including Irrigation Contractors) – letters being mailed prior to watering season (see attached).
5. **Cable Announcement** – will be airing an 8-9 minute skit providing educational information about water rates and ways to shift peak demand. To be coordinated with Community Relations.
6. **Website** – educational information is on our website regarding our Lawn Watering Ordinance, supporting articles on lawn care, H2O *In the know* newsletter, FAQ sheet and brochure.

b. Direct Communication:

7. **Subdivision Association Meetings** - Water staff will attend subdivision meetings to provide information & assistance in setting irrigation systems to water during non-peak hours.

8. **Counter staff in Treasury/Water Department** – All staff are trained to inform customers that visit the counter of our irrigation policy and information about the advantages of watering during non-peak hours.
 9. **Chamber of Commerce** – Water staff to attend annual luncheon to pass out fliers and offer assistance in programming sprinkler systems for businesses.
 10. **Schools** – Water staff to visit schools to provide education to students about the importance of water conservation.
 11. **Door Hangers** – Water department will utilize temporary, seasonal staff to distribute door hangers as reminders to those customers not adhering to the recommended watering times (see attached door hanger).
 12. **Provide assistance in programming irrigation systems for Associations and Commercial Users** – Water Department will utilize part-time, seasonal staff to assist programming irrigation systems to operate during the desired hours.
2. ***Internal Policy regarding irrigation of municipal property*** – See attached policy.
3. ***Ordinance*** – City Council approved an amendment to our existing Lawn Watering Ordinance which now includes a requirement to operate underground, programmable irrigation systems during non-peak hours of 11:00 pm to 5:00 am and increases the fine for violations of the Ordinance. See attached amended Lawn Watering Ordinance.



Community Calendar Insert

Conserve water to help control rates. *By working together as a community, we can make simple changes in our water usage that will have an impact on the water rate charged by DWSD. Here are ways you can help.*

Step One: Economize!

Look at your water habits developed over a lifetime. A lot of water goes down the drain because we have always thought of water as being plentiful and cheap. Typically, inside your house, bathroom facilities constitute nearly 75% of the water used. Become conscious of the amount of water you use, and look for ways to use less whenever you can.

Step Two: Repair Leaks!

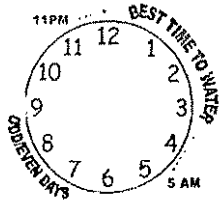
A leak of just one drop per second wastes 2,400 gallons of water a year. Leaks are one of the great enemies of your water conservation program and they can't be taken lightly.

Step Three: Install Water Saving Devices

There are many devices you can buy and install fairly easily to reduce your water consumption. These include faucet aerators; flow regulators for shower heads; and displacement devices for toilets to reduce water consumption. Investing a little money, time and labor can have big paybacks to reduce water use.

Step Four: Reuse Water

Unused or slightly used water is often suitable for other purposes, even with no treatment or filtration. When maximum conservation is called for, make the most of any water before you let it go down the drain!



During the summer months, lawn irrigation has a significant impact on our peak hour and maximum day usage which are two major factors used by Detroit Water and Sewerage Department (DWSD) in determining our wholesale water rates. Your cooperation in limiting your lawn and landscaping irrigation to the following days (alternate odd/even) and times (11:00 PM – 5:00 AM) will help us, as a community, receive a lower wholesale water rate.

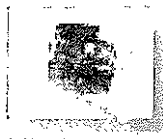
1. Water your lawn and landscaping on **alternate odd/even days** as stated in our lawn watering Ordinance as follows. "It shall be unlawful for any person to utilize water from the City of Novi Water Supply System for the watering of lawns or landscaping except on an alternate day basis. An alternate day basis of watering permits the watering of lawns and landscaping on even-numbered days for properties with an even-numbered address and on odd-numbered days for properties with an odd-numbered street address".

2. Water your lawn **between the hours of 11:00 PM and 5:00 AM**. Watering during these hours will also help to reduce our peak hour demand thereby helping to reduce our wholesale water rates. Also, watering your lawn during these hours will help reduce evaporation.



The snow must go...but where?

The Department of Public Work's goal is to provide a bare pavement quality recognized by many Snow Belt cities. Proper control of parking and traffic contributes significantly to reducing response time and operational costs. We ask that you cooperate in the following ways:



- If you hire a private contractor for snow removal services please remind them not to plow snow into the public roadway. This is not only disruptive to local traffic and snow removal operations, but it is illegal.
- Refrain from parking vehicles on any street during snow and sleet. If a snow emergency is declared, all parked vehicles must be removed from the street.
 - Do not use snow blowers to blow snow in the street. Remember the area around your mailbox must be cleared or your mail will not be delivered.
 - Do not let children play on the mounds of snow near the roadway. It is difficult for snowplow operators to see behind or over the mounds, so please caution your children.

The highest priority for the DPW during the winter months is safe winter driving. To ensure the safety of motorists traveling in Novi, the following priorities for removing snow and ice from local roads are:

- Major road networks and school bus routes
- Police and fire facilities, bridges, hills and curves
- The balance of the local roads

If you have any questions or concerns regarding snow removal, contact the DPW at 248.735.5640

In the know...about H₂O

You may have noticed when you received your water bill recently that our water rate has increased. The following information is provided to share how our water rate is determined and what you can do to help reduce our water rate.



Did you know that the City of Novi purchases treated water from Detroit Water and Sewerage Department (DWSD)? DWSD operates the largest water system in the State of Michigan and supplies wholesale water to 126 communities in southeastern Michigan. By law, DWSD can only recover the cost of service, it cannot make a profit. Therefore, the rate they charge to each community comprises costs for water treatment, energy costs to maintain water pumps, water mains, and storage tanks necessary to transport water to our community, and new and rehabilitative Capital Improvements Projects to replace and maintain aging systems. These costs are divided among their water customers. Each customer's rate is based on distance from the water treatment plant (Novi is over 50 miles), elevation (it costs more money to pump at higher elevations), the maximum day demand (water usage in a 24 hour period during the summer), peak hour demand (water usage over a one hour period during the summer) and annual water usage.

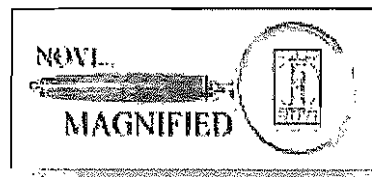
Did you know that over 75% of the City's water & sewer budget (excluding depreciation) is for payments to the City of Detroit Board of Water Commissioners and Oakland County Drain for water and wastewater services? Also, the City of Novi has one of the lowest markups on Detroit's water rate. Our markup of 17.53% is far below the 125% average markup of most communities.

Did you know that the City is currently working with DWSD to reduce our rate? While we cannot change the distance we are from the water treatment plant or our City's unique elevation, we can make changes that will impact our max day demand and peak hour demand thereby reducing the rate we pay to DWSD. By working together as a community, we can make simple changes in our water usage that will have an impact on the water rate charged by DWSD.

While much of the water used during our peak hour and max day is from lawn irrigation, there are many ways you can help. Below are a few water conservation ideas to help any time of the year.

- Limit your water usage during the hours of 5 and 9 AM and 6 and 10 PM when demand on DWSD's system is the highest (especially during summer months - irrigate your lawns between the hours of 11 PM and 5 AM).
- Only wash full loads of laundry and save 300-800 gallons per month!!
- Wait until your dishwasher is fully loaded before running. A dishwasher usually uses less water than washing dishes by hand. But if you wash dishes by hand, fill the sink for rinsing, don't leave water running unless sink is plugged, and turn faucet off when not in use. Water Savings: 2.5 gallons per minute
- Water your plants only when needed.
- Check for and fix leaky faucets and toilets (contact the Water Department for dye strips to test for leaky toilets).
- Toilet ≠ Trash! Throw that used tissue into the trash instead of the toilet and save 400-600 gallons per month!
- Soap, Rinse, and Go! Keep showers to less than 10 minutes. Water Savings: up to 700 gallons per month. Baths/showers can use up to 50 - 100 gallons of water.
- Install water-saving devices on faucets and shower heads. Faucet aerators are incredibly cheap (\$2-5), easily installed (think light bulb), and will save 4.7 gallons per day.
- Place plastic jugs filled with sand or stones in your toilet tank to reduce the amount of water used per flush.
- Turn off the faucet while brushing your teeth, shaving or washing your hands. Water Savings: over 240 gallons per month
- Consider water efficiency - when purchasing new appliances like laundry machines or dishwashers, consider water efficient models. They use up to 40% less water per year.

Interested community members may sign up to receive the e-Newsletter by visiting cityofnovi.org, clicking on the Novi...Magnified icon, and entering their e-mail address. Subscribers who wish to de-activate their service can do so at any time by following the instructions in each Novi...Magnified. For more information, contact the Community Relations Office at 248.735.5628.



Newsletter - included with water bills.



cityofnovi.org

In the know about H₂O



Control our Peak. . . Control our Rate

As warmer weather approaches so too does lawn watering season. While watering and maintaining your landscaping is an important part of enhancing the attractiveness and value of your property, what you may not know is that the time of day you water your lawn has an impact on our water rates. We encourage you to read the information below and do your part to help control our water rate.

How water rate is determined

The City of Novi purchases wholesale water from the Detroit Water and Sewerage Department (DWSD). DWSD determines wholesale water rates to suburban communities on an annual basis based on estimated revenue requirements for the upcoming season and based on each community's usage requirements. DWSD's rate to each community is based on the following main factors:

- **Distance** from the water treatment plant (Novi is over 50 miles)
- **Elevation** (it costs more money to pump at higher elevations)
- **Annual water usage**
- **Maximum day demand** (water usage in a 24 hour period during the summer)
- **Peak hour demand** (water usage over a one hour period during the summer)

The factor that has the most impact on our water rate is peak hour demand; peak demand represents 65% of our total rate from DWSD. On average, during our peak hour, we use 4.7 times more water than our average daily consumption.

How you can help shift our peak demand



Lawn irrigation is the main contributor to our peak hour demand. If we can shift when we water our lawns into non-peak hours (11:00 PM to 5:00 AM), we will be able to reduce the rate increases we have been receiving from DWSD (in 2008/09 we received a 24% rate increase). If you have an underground lawn irrigation system, please set your irrigation system to go "on" and "off" between the hours of 11:00 PM and 5:00 AM. Also, please adhere to our mandatory Lawn Watering Ordinance which states, in part, "it is unlawful for any person to utilize water for the watering of lawns or landscaping except on an alternate day basis." Please watch for future amendments to this Ordinance which may include a mandatory requirement for automatic irrigation systems to be set to run during non-peak hours. By watering during non-peak hours, we will reduce our peak hour demand and by watering on alternate days, we will reduce our maximum day demand which will help control our water rates. For more information about our rates or for water conservation tips, please visit our web site at www.cityofnovi.org or contact the Water Department at 248-347-0496.

HELP CONTROL OUR WATER RATE . . .

WATER BETWEEN 11:00 PM AND 5:00 AM

Commercial and top water users notification

May 7, 2009

Add
Add
Add

Re: Lawn Watering Ordinance Amendment
Service address:

Dear valued community member and water customer:

With watering season upon us, on behalf of the City of Novi, I would like to inform you of the City's Lawn Watering Ordinance. Recently, City Council approved an amendment to our Lawn Watering Ordinance requiring programmable, underground irrigation systems to operate only during the hours of 11 pm to 5 am. The reason for this requirement is to help shift our *peak hour demand* (water usage over a one hour period during the summer) into the non-peak hours of 11 pm to 5 am. By doing so, we will receive a reduced wholesale water rate from our provider, Detroit Water and Sewerage Department (DWSD), and will be able to pass along these savings to our water customers.

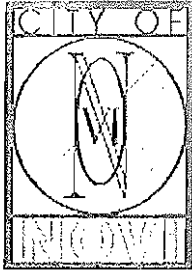
It is especially important for large summer water users, like your facility, to adhere to this ordinance as it will impact our peak hour usage significantly. We ask for your support by programming your irrigation system to water every other day, and timers to go 'on' and 'off' between 11 pm and 5 am.

As stated in the Ordinance, (Section 34-24), "it is unlawful for any person to utilize water for the watering of lawns or landscaping except on an alternate day basis. Further, for those properties in the City of Novi that utilize water from the City of Novi Water Supply System and are serviced by an automatic, programmable underground irrigation system, outdoor watering, including the sprinkling of lawns and landscaping, shall only be done during non-peak hours of 11:00 PM to 5:00 AM." Properties with an even-numbered street address should water on even-numbered days, and properties with an odd-numbered address should water on odd-numbered days. A person who violates this ordinance may be subject to a civil infraction with fines ranging from \$150.00 to \$500.00.

If you have any questions regarding our Lawn Watering Ordinance, don't hesitate to contact me. For more water rate or conservation tips, visit cityofnovi.org.

Sincerely,

Tim Sikma
Water and Sewer Manager
(248) 735-5647
tsikma@cityofnovi.org



cityofnovi.org

ATTENTION

Lawn watering reminder

We would like to remind you of our Lawn Watering Ordinance which has recently been amended to include a requirement to operate underground irrigation systems during non-peak hours of 11:00 pm to 5:00 am. The Ordinance states in part, "it is unlawful for any person to utilize water for the watering of lawns or landscaping except on an alternate day basis". Further, it states that "sprinkling of lawns and landscaping shall only be done during non-peak hours of 11:00 pm to 5:00 am." *We ask that you program your irrigation system to operate during the hours of 11:00 pm to 5:00 am on an alternate day basis* to help us in our efforts to reduce our water rate. We determine alternate day watering based on our customer's address. To determine if an address is even or odd numbered refer to the last number in the street address. Even-numbered addresses ending with a 0, 2, 4, 6, or 8 should water on even numbered days and odd-numbered addresses ending with a 1, 3, 5, 7, or 9 should water on odd numbered days.

The City of Novi has elected to set Ordinances and Policies in place to manage the community's water demands that will help to lower our water rate. We are asking each resident to do their part in keeping our water costs as low as possible. Please be aware that a resident who violates this Ordinance is responsible for a civil infraction and is liable for a civil fine of \$150.00 for the first offense and \$500.00 for second and subsequent violations.

We thank you in advance for your cooperation by adhering to this Ordinance.



Questions may be directed to:

City of Novi – Water and Sewer Manager

Tim Sikma

(248) 735-5647

or

City of Novi Water & Sewer Division

Department of Public Services

(248) 735-5661

[http:// www.cityofnovi.org](http://www.cityofnovi.org)

Internal Irrigation Policy

CITY OF NOVI **POLICIES & PROCEDURES** *Internal Irrigation Policy for Municipal Property*

OVERVIEW:

In an effort to reduce the City of Novi's bulk water rate that is charged by the Detroit Water and Sewerage Department (DWSD) the following irrigation policy will be instituted at all City properties where automatic watering systems are used in an effort to reduce the City's maximum day and the maximum peak hourly demand. The main directive of this policy is to ensure that the City is adhering to the Lawn Watering Ordinance and is leading by example by setting their irrigation systems to run between the hours of 11:00 PM and 5:00 AM on an alternate day basis.

POLICY:

- All Municipal properties that have automatic watering systems will set their systems to run between the hours of 11:00 PM to 5:00 AM on an odd/even day basis. The only time they will operate during the day is when the system needs to be checked for leaks or repairs to the system are required.
- The Department of Parks & Recreation will operate their irrigation systems between the hours of 11:00 PM to 5:00 AM on alternate days **except** when fields require additional watering and private wells are being utilized. At these locations, the Department will promote an educational program that informs the public that these systems are operated off of well systems and that this is a green effort to improve landscaping while keeping costs low within the community. Whenever possible, the Parks & Recreation Department will irrigate during the recommended hours to ensure that the wrong precedence or perception is not being conveyed to the public.

Lawn watering ordinance

STATE OF MICHIGAN
COUNTY OF OAKLAND
CITY OF NOVI

ORDINANCE NO. 09-138.02

AN ORDINANCE TO AMEND THE CITY OF NOVI CODE OF ORDINANCES, AS AMENDED, CHAPTER 34, "UTILITIES," ARTICLE II, "Water Supply System," DIVISION 1, IN ORDER TO AMEND THE ALTERNATE DAY LAWN WATERING SECTION TO INCLUDE A REQUIREMENT TO OPERATE UNDERGROUND IRRIGATION SYSTEMS DURING NON-PEAK HOURS OF 11:00 PM AND 5:00 AM AND TO AMEND AMOUNT OF FINES FOR VIOLATION OF SUBSECTION (a).

THE CITY OF NOVI ORDAINS:

PART I

That Chapter 34, "UTILITIES," ARTICLE II, "Water Supply System," DIVISION 1, Section 34-24, is hereby amended to read as follows:

ARTICLE II. WATER SUPPLY SYSTEM

Sec. 34-24. Alternate day lawn watering; water supply emergencies.

(a) It shall be unlawful for any person to utilize water from the City of Novi Water Supply System for the watering of lawns or landscaping except on an alternate day basis designated from the property address. An alternate day basis of watering permits the watering of lawns and landscaping on even-numbered days for property with an even-numbered street address and on odd-numbered days for property within an odd-numbered street address. Further, for those properties in the City of Novi that utilize water from the City of Novi Water Supply System and are serviced by an automatic, programmable underground irrigation system, outdoor watering, including the sprinkling of lawns and landscaping, shall only be done during non-peak hours of 11:00 PM to 5:00 AM. A water user may manually irrigate landscaping at any time, provided the irrigation is not connected to an automatic, programmable underground system, and is attended and monitored by the water user and adheres to the alternate day requirement as stated above. Also, an automatic, programmable underground irrigation system may occasionally be used in unprogrammed manual mode for brief periods and as necessary for testing, repair and winterizing purposes. The manager of the department of water and sewer may, upon written request, provide exceptions to the above restriction in the case of new lawn or landscaping installations, or where necessary to prevent imminent financial loss to the water user. This is not intended to prohibit the recreational use of sprinklers by children.

(b) Determination of water supply emergency. A water supply emergency shall be deemed to exist whenever the manager of water and sewer finds on the basis of drought conditions, depletion of water supply, reduction in water pressure or other reasons that there is a threat of loss of water supply to the community or a portion of the community, and causes a declaration of such water supply emergency to be publicly announced by broadcast from a radio or television station with a normal operating range covering the city. A water emergency may be declared when the manager of water and sewer

receives notification from the Detroit Water and Sewage Department in conjunction with the water and radiological protection division or the water quality division of the state department of environmental quality that the supply or pressure demand for water cannot be accommodated and general public welfare is likely to be endangered.

(c) A declaration of water emergency shall by its express terms prohibit:

(1) The watering of lawns and landscaping and all outdoor water use except on an alternate day basis, permitting such use solely on even-numbered days for property with an even-numbered address and on odd-numbered days for property with an odd-numbered address; or

(2) All watering of lawns and landscaping and all outdoor water use, when a prohibition under subpart (c)(1) is deemed not sufficient.

(d) The manager of water and sewer shall cause such declaration to be posted at the city hall and be publicly announced by broadcast from a radio or television station with a normal operating range covering the city, and may cause the declaration to be further announced in newspapers of general circulation within the city when feasible.

(e) The director of public services or his/her designee shall make or cause to be made a record of each time and date when any declaration is announced to the public in accordance with this section.

(f) A water supply emergency shall be deemed to exist irrespective of whether broadcast notification is provided under subsection (d), as to persons otherwise provided with direct notice of such a water supply emergency.

(g) It shall be unlawful for any person to utilize water from the city water supply system for any type of outdoor use, in contravention of a declared water supply emergency, other than responding to a fire emergency. The prohibition shall remain in effect twenty-four (24) hours per day, seven (7) days per week until the water supply emergency is declared ended by the manager of water and sewer. The manager of water and sewer may provide exceptions to the prohibition of this section where necessary to prevent imminent financial loss to a water user.

(h) A person who violates subsection (a) is responsible for a civil infraction. For a first violation a person shall be liable for a civil fine of not more than one-hundred and fifty dollars (\$150.00) For a second or subsequent violation a person shall be liable for a civil fine of not more than five-hundred (\$500.00). Such civil infractions shall be processed in accordance with the procedures set forth in Sections 741 to 750 of 1949 PA 300, as amended.

PART II

Savings Clause. That the amendment of the Novi Code of Ordinances set forth in this ordinance does not affect or impair any act done, offense committed, or right accruing, accrued, or acquired or liability, penalty, forfeiture or punishment, pending or incurred prior to the amendment of the Novi Code of Ordinances set forth in this ordinance.

PART III

Severability. That should any section, subdivision, clause, or phrase of this ordinance be declared by the courts to be invalid, the validity of the ordinance as a whole, or in part, shall not be affected other than the part invalidated.

PART IV

Repealer. All other ordinances or parts of ordinances in conflict herewith are hereby repealed only to the extent necessary to give this ordinance full force and effect.

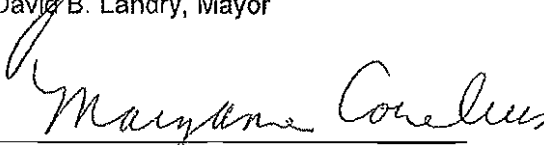
PART V

Effective Date: Publication. The provisions of this ordinance shall become effective fifteen (15) days after its adoption and shall be published within 15 days of its adoption by publication of a brief notice in a newspaper circulated in the City, stating the date of enactment and the effective date of the ordinance, a brief statement as to the subject matter of this ordinance and such other facts as the Clerk shall deem pertinent, and that a copy of the ordinance is available for public use and inspection at the office of the City Clerk.

Made, passed and adopted by the Novi City Council this 6th day of April, 2009.



David B. Landry, Mayor

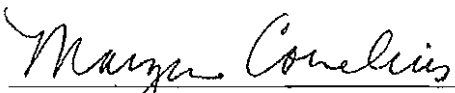


Maryanne Cornelius, City Clerk

Adopted: 4-6-09
Published: 4-16-09
Effective: 4-21-09

CERTIFICATION

I hereby certify that the foregoing is a true and complete copy of the ordinance adopted at the regular meeting of the Novi City Council held on the 6th day of April, 2009.



Maryanne Cornelius, City Clerk

Appendix 2
Water Service Contract

WATER SERVICE CONTRACT

BETWEEN

CITY OF DETROIT

AND

CITY OF NOVI

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**WATER SERVICE CONTRACT
BETWEEN
CITY OF DETROIT
AND
CITY OF NOVI**

This Water Service Contract ("Contract") is made between the City of Detroit, a municipal corporation, by its Water and Sewerage Department and Board of Water Commissioners (the "Board"), and the City of Novi, a municipal corporation ("Customer"). The Board and Customer may be referred to individually as "Party" or collectively as the "Parties."

Whereas, the City of Detroit owns a public water supply system ("System") operated by the Board; and

Whereas, the Board supplies water service to numerous governmental entities in the Board's water service area; and

Whereas, Customer desires to obtain water service from the Board; and

Whereas, the purpose of this Contract is to provide for the long-term service of potable water to Customer; and

Whereas, the Board implemented a voluntary partnering effort with its wholesale water customers, of which the Technical Advisory Committee is a central part, and which is intended to assist the Board in data gathering, alternative evaluations and recommendations, achieving full disclosure of rates, identifying true cost of service principles to guide revenue collection, and to provide assistance with a cohesive planning effort for the Board's water service area;

ACCORDINGLY, THE PARTIES AGREE AS FOLLOWS:

**Article 1.
Definitions**

1.01 The following words and expressions, or pronouns used in their stead, shall be construed as follows:

"**Adjusted Prevailing Water Rate**" shall have the meaning ascribed in Article 3 herein.

"**Annual Volume**" shall mean the actual volume of water used by Customer for the period of July 1st to June 30th as measured on bills issued from August 1st through July 31st.

"**Board**" shall mean the City of Detroit Board of Water Commissioners.

"**City**" shall mean the City of Detroit, a municipal corporation, acting through its Board of Water Commissioners.

“**Contract**” shall mean each of the various provisions and parts of this document, including all attached Exhibits and any amendments thereto, as may be executed and approved by Customer’s governing body, the Board of Water Commissioners, and the Detroit City Council.

“**Contract Term**” shall have the meaning ascribed in Article 2 herein.

“**Customer**” shall mean the Party that enters into a contract with the City of Detroit by way of this Contract, whether an authority, city, township, village or other municipal corporation recognized by the State of Michigan.

“**Customer Maximum Day Demand**” shall mean the Customer’s recorded water usage on the DWSD Maximum Day. Customer Maximum Day Demand shall, in conjunction with Customer Peak Hour Demand, be a component of its Maximum Flow Rate.

“**Customer Peak Hour Demand**” shall mean the Customer’s recorded water usage during the DWSD Peak Hour. Customer Peak Hour Demand, in conjunction with Customer Maximum Day Demand, shall be a component of its Maximum Flow Rate.

“**DWSD**” shall mean the City of Detroit Water and Sewerage Department.

“**DWSD Maximum Day**” shall mean the maximum reported water production day for the System during any twenty-four hour period as measured from 12:00 a.m. Eastern Standard Time in any given calendar year, as determined by DWSD in reviewing water production and storage reports.

“**DWSD Peak Hour**” shall mean the hour during the DWSD Maximum Day in which the most water is delivered to the System, measured from top-of-the-hour to top-of-the-hour (e.g. 7:00 a.m. to 8:00 a.m.), and as determined by DWSD in reviewing water production and pumping reports. In calculating the DWSD Peak Hour, the time period from 11:00 PM to 5:00 AM Eastern Standard Time (EST) shall not be considered provided, however, that if Customer has an approved Filling Schedule, the time period specified in the Filling Schedule shall supersede the time period of 11:00 PM to 5:00 AM EST.

“**Early Termination Costs**” shall have the meaning ascribed in Article 3 herein.

“**Filling Schedule**” shall have the meaning ascribed in Article 22 herein.

“**Maximum Flow Rate**” shall mean the aggregate amount of water usage that Customer commits not to exceed, as determined by the Customer Maximum Day Demand and the Customer Peak Hour Demand, collectively.

“**Meter Facilities**” shall mean a location in which a water meter is housed including, without limitation, meter pits and meter vaults.

“**Minimum Annual Volume**” shall mean fifty percent of Customer’s Projected Annual Volume.

“Notices” shall mean all notices, consents, approvals, requests and other communications required to be given under the terms of this Contract.

“Pressure Problem” shall have the meaning ascribed in Article 5 herein.

“Pressure Range” shall have the meaning ascribed in Article 5 herein.

“Projected Annual Volume” shall mean the projected annual water sales to Customer as set forth in Exhibit B.

“Service Area” shall mean the mutually agreed upon area where Customer is permitted to distribute water received from the Board under the terms of this Contract which (a) may be entirely within the corporate limits of Customer or may exceed the corporate limits of Customer and (b) which may or may not include the entire geographical area within the Customer’s corporate limits.

“System” shall mean the public water works system owned and operated by the City of Detroit, acting through its Board of Water Commissioners and its Water and Sewerage Department.

“Technical Advisory Committee” shall mean the committee consisting of representatives of the Detroit Water and Sewerage Department, wholesale water customers of the Detroit Water and Sewerage Department and their respective representatives, and shall include its successor or replacement if altered or discontinued. The Technical Advisory Committee or its successor shall remain in existence for a minimum term of January 1, 2008 until December 31, 2038 unless the committee determines otherwise.

“Water Distribution Points” shall have the meaning ascribed in Article 4 herein.

Article 2.
Contract Term

- 2.01 Term. The Board shall sell and supply water to Customer from the System in accordance with the terms of this Contract for a period of thirty years from the effective date of this Contract and any ten-year renewal terms (collectively the “Contract Term”), subject to Article 3 herein. The effective date of this Contract shall be the date that this Contract is approved by the Detroit City Council or Customer’s governing body whichever is later. This Contract replaces and supersedes any prior water service contracts between the Parties.

- 2.02 Renewal. This Contract shall automatically renew at the conclusion of the thirty-year term for an additional ten-year term, unless a Party provides written notification to the other Party in accordance with Article 16 on or before the conclusion of the twenty-fifth year of the thirty-year term stating its intent not to renew this Contract. Thereafter, this Contract shall automatically renew every ten years for an additional ten-year term, unless a Party provides written notification to the other Party in accordance with Article 16 on or before the conclusion of the fifth year of the then current ten-year term stating its intent not to renew this Contract. The automatic renewals of this Contract shall not preclude a review of its terms and the Parties are encouraged to reaffirm or amend its terms as necessary. The Parties may, in writing, mutually agree upon a longer renewal term.
- 2.03 Notification of Renewal. The Board shall notify Customer of its first Contract renewal option during the twenty-fifth year of the thirty-year term; provided, however, that the Board's failure to so notify Customer shall not obviate Customer's obligations as set forth in Section 2.02.

Article 3. Early Termination Costs

- 3.01 Early Termination Costs. In addition to any other remedies provided for by law or by the terms of this Contract, Customer shall be liable to the Board for the payment of any costs incurred by the Board related to providing water to Customer in the event Customer terminates this Contract before the conclusion of a Contract Term ("Early Termination Costs"); provided, however, that payment of such Early Termination Costs by Customer shall not entitle Customer to receive water service from the Board.
- 3.02 Calculation of Costs. Payment of Early Termination Costs will be calculated by applying the Adjusted Prevailing Water Rate to the Minimum Annual Volume requirements for the remainder of the Contract Term. The Adjusted Prevailing Water Rate shall be the rate charged by the Board to Customer as of Customer's effective termination date, adjusted annually to reflect projected inflationary increases utilizing a locally based wholesale price index. The Parties may agree upon another standardized price index. The Board may seek a recommendation from the Technical Advisory Committee on the amount of the Early Termination Costs.
- 3.03 Specifically Constructed Facilities. If the Board has constructed facilities specifically for the benefit of Customer, additional costs may be included in the calculation of the Early Termination Costs, provided that any such facilities shall be identified in a written agreement between the Board and Customer at or near the time of construction.
- 3.04 Formation of Water Authority. Customer may join with another authority, city, township, village or other municipal corporation recognized by the State of Michigan to form a water authority for the sole purpose of collectively contracting for water service from the Board. The exercise of this right shall not be construed as an early termination of this Contract and this Contract shall be voided upon the approval of a new water service contract by Customer's governing body, the Board and the Detroit City Council.

Article 4.
Service Area

- 4.01 Delivery Location. Water shall be delivered by the Board to Customer at the location(s) identified in Exhibit A (collectively, the "Water Distribution Points"), and at other locations as may be mutually agreed upon in writing by the Board and Customer.
- 4.02 Limit of Responsibility. The Board shall have no responsibility for distributing, operating, repairing, replacing and maintaining any portions of the Customer's water supply system downstream of the Water Distribution Points shown in Exhibit A, provided, however, that this Section 4.02 does not prevent the application of the provisions of Section 11.02 herein.
- 4.03 Board Responsibility. The Board owns and is responsible for operating and maintaining all parts of its System upstream from Customer's Water Distribution Points. Should the Board fail to maintain its Meter Facilities and/or any Board owned and maintained equipment within the Meter Facilities, Customer shall provide written notice to the Board which describes the objectionable condition of the Meter Facility and/or the equipment within, and its intent to take reasonable steps to maintain the condition and charge the reasonable cost of doing so to the Board. Upon receipt of the notice and subject to Section 11.01, the Board shall have thirty calendar days to repair the condition specified in the notice, unless a force majeure event prevents the repair within the thirty-day period. If the Board has not repaired the condition at the conclusion of the thirty-day period and has not provided a written explanation to Customer explaining the reason for the delay (e.g. necessary parts are on order or occurrence of a force majeure event specified in Section 11.01), then Customer may take reasonable steps to maintain the specified condition and charge the reasonable cost of doing so to the Board.
- 4.04 Extension of Service Area. Customer's distribution of water supplied by the Board shall be limited to the Service Area stated in Exhibit A. The Parties agree that situations may arise in which Customer desires to extend its Service Area, either temporarily or permanently, beyond its corporate limits. Should such a situation arise, Customer shall provide written notice to the Board explaining the nature, duration and extent of the requested Service Area extension. The Board shall have the option, which it may exercise at any time, of requiring a written amendment to this Contract to accommodate the change in Service Area. Should the Board determine that an immediate amendment is required, the Parties shall, within thirty calendar days of Customer's request, meet to negotiate mutually agreeable terms for the extension of the Service Area. The Board shall not unreasonably deny a request to extend the Service Area.
- 4.05 Change or Addition of Water Distribution Points. Water Distribution Points may be added or changed only by the express written agreement of the Board and Customer and shall be embodied in a written amendment to this Contract.
- 4.06 Sole Supplier. Except as provided in Article 17 herein, the Board shall be the sole supplier of public potable water to Customer's Service Area.

Article 5.
Pressure; Maximum Flow Rate; Minimum Annual Volume

- 5.01 Pressure Range. The Board shall use its best efforts to deliver water at the Water Distribution Points at a pressure range ("Pressure Range") adequate to meet the reasonable requirements of Customer. For purposes of evaluating this effort, water pressure shall be determined by reviewing the average hourly pressure measured from top-of-the-hour to top-of-the-hour (e.g. 7:00 a.m. to 8:00 a.m.). The Pressure Range to be provided by the Board to Customer's Water Distribution Points is specified in Exhibit B. The location at which the water pressure will be measured shall be specified in Exhibit A and identified as point "P". A Pressure Range will not be established for water meters that are not located on a DWSD transmission main.
- 5.02 Remedy for Non-Compliance with Pressure Range. If the water pressure at Customer's Water Distribution Points is above or below the Pressure Range, the Parties shall meet to discuss the reasons for the non-compliance and, if agreed, develop and implement a mutually agreeable written corrective action plan within sixty calendar days of the pressure event, or as otherwise agreed. The corrective action plan shall include a timetable for resolution of the non-compliance issue(s).
- A. If it is determined that another customer's exceedence of the rates of flow established by that customer's Maximum Flow Rate caused or contributed to the Board's inability to meet its Pressure Range agreement with Customer, then the corrective action plan shall provide for the resolution of the issue.
 - B. If Customer is exceeding the rates of flow established by its Maximum Flow Rate on a day other than the DWSD Maximum Day at the time Customer experiences a variation from the Pressure Range, then the Board shall be relieved from its obligation to provide water to Customer within the Pressure Range for that period of time during which Customer is exceeding the rates of flow established by its Maximum Flow Rate.
- 5.03 Maximum Flow Rate. Customer's Maximum Flow Rate is specified in Exhibit B. Customer shall not exceed the Maximum Flow Rate specified in Exhibit B, as measured in million gallons on the DWSD Maximum Day and during the DWSD Peak Hour.
- 5.04 Remedy for Non-Compliance with Maximum Flow Rate. The Board has no obligation to supply to Customer more than the Maximum Flow Rate. If Customer exceeds its Maximum Flow Rate on the DWSD Maximum Day or during the DWSD Peak Hour, the Board and Customer may, as needed, take one or more of the following steps:
- A. The Board may require that Customer take all reasonable steps to reduce its consumption to the Maximum Flow Rate. Such steps may include water conservation measures, outdoor water use restrictions, water loss studies and remediation, and an internal system operation evaluation.

- B. The Parties may meet to negotiate a new Maximum Flow Rate. If so negotiated, Customer shall pay the rate associated with the new Maximum Flow Rate in the subsequent rate year.
- C. The Board may recalculate Customer's rate for the Board's current fiscal year utilizing a revised cost allocation formula as follows:
- i. For cost allocation purposes only, a new Maximum Flow Rate will be established from the first exceedence date forward. The new Maximum Flow Rate will be at least equal to the flow rate demonstrated by Customer on the DWSD Maximum Day, and may be higher than the actual flow rate demonstrated by Customer. Pursuant to subsection (ii) below, the Board will seek a recommendation from the Technical Advisory Committee's Analytical Work Group (as defined in Section 6.07 herein) on the establishment of the new Maximum Flow Rate. If the Board receives a recommendation and the recommendation is higher than twice the amount by which the demonstrated flow rate exceeded the original Maximum Flow Rate, then the Board shall be limited to establishing a new Maximum Flow Rate that is at least equal to the flow rate demonstrated by Customer on the DWSD Maximum Day and no higher than the recommendation provided by the Analytical Work Group. If no recommendation is received by the Board, or if the Board receives a recommendation and the recommendation is less than twice the amount by which the demonstrated flow rate exceeded the original Maximum Flow Rate, then the Board shall be limited to establishing a new Maximum Flow Rate that is at least equal to the flow rate demonstrated by Customer on the DWSD Maximum Day and no higher than twice the amount by which the demonstrated flow rate exceeded the original Maximum Flow Rate. In any event, Customer's exceedence of its Maximum Flow Rate will continue to affect each subsequent year's rate calculation until renegotiated. If a rate has been approved for the next fiscal year (July 1st to June 30th) but the rate has not yet been applied, the Board may modify Customer's rate to account for an exceedence of its Maximum Flow Rate. If the Board has built capital facilities based upon Customer's negotiated Maximum Flow Rate and Customer consistently exceeds its Maximum Flow Rate, then the Board may re-calculate the amount of Customer's percentage of the capital cost of such facilities.
 - ii. The Board will seek a recommendation from the Technical Advisory Committee's Analytical Work Group, or its successor, whenever it intends to invoke subsection 5.04(C)(i). Any recommendation from the Analytical Work Group shall be received by the Board within sixty calendar days after the Board's request for a recommendation.

- 5.05 Procedure for Non-Compliance with Maximum Flow Rate. If Customer has failed in its obligations under Section 5.03, the Parties shall meet to discuss the reasons for the non-compliance and develop and implement a mutually agreeable written corrective action plan within sixty calendar days of the non-compliance event, or as otherwise agreed. If the Parties determine that a corrective action plan is not required and a subsequent incident of non-compliance occurs, the Parties shall meet to develop and implement a mutually agreeable written corrective action plan within sixty calendar days of the subsequent incident of non-compliance, or as otherwise agreed. Any corrective action plan required under this Section 5.05 shall include a timetable for resolution of the non-compliance issue(s). In the event the reason for Customer's non-compliance under Section 5.03 is due to a Customer water main break, fire or meter calibration performed by DWSD, these events will be taken into consideration in determining (1) whether a corrective action plan is warranted and (2) the extent to which, if any, the steps specified in Section 5.04 should apply.
- 5.06 Minimum Annual Volume. Customer shall purchase from the Board not less than the Minimum Annual Volume of water specified in Exhibit B. If Customer's Annual Volume is less than the Minimum Annual Volume, Customer shall pay to the Board an amount computed by applying the current rate to the Minimum Annual Volume less any amounts already billed to the Customer by the Board.
- 5.07 Periodic Review. For Customer and System planning purposes and, with regard to the Minimum Annual Volume, enforcement of the provisions of Article 3, a Maximum Flow Rate, Pressure Range, Projected Annual Volume and Minimum Annual Volume shall be established by mutual agreement for the Contract Term. A contractually binding Maximum Flow Rate, Pressure Range, Projected Annual Volume and Minimum Annual Volume shall be established by mutual agreement for first two years of the Contract Term. Not later than the second year of the Contract Term, the Board and Customer shall negotiate a contractually binding Maximum Flow Rate, Pressure Range, Projected Annual Volume and Minimum Annual Volume for the succeeding three years of the Contract Term. Not later than the fifth year of the Contract Term, and every five years thereafter, the Board and Customer shall negotiate a contractually binding Maximum Flow Rate, Pressure Range, Projected Annual Volume and Minimum Annual Volume for the succeeding five years of the Contract Term. If the Parties do not negotiate new or revised Maximum Flow Rates, Pressure Ranges, Projected Annual Volumes and Minimum Annual Volumes according to the aforementioned schedule, then the figures established for planning purposes (as shown in italicized type in Exhibit B) shall become contractually binding for the then-current three or five year term.
- 5.08 Remedy for Excessive Rate(s) of Flow Causing Pressure Problem(s). Customer acknowledges that Customer's rates of flow may cause and/or contribute to the Board's inability to meet its Pressure Range agreements with Customer and/or the Board's other customers (hereinafter, "Pressure Problem"). The Board may review or monitor Customer's daily rates of flow if a Pressure Problem occurs and the Board's Pressure Range agreement with Customer and/or another customer of the Board is alleged to have been breached. The approximate rate of flow by individual meter location used to establish the Pressure Range and Maximum Flow Rate is specified in Exhibit B. If a Pressure Problem occurs, the Parties shall meet to discuss the reasons for the Pressure

Problem and develop and implement a mutually agreeable written corrective action plan within sixty calendar days of the Pressure Problem, or as otherwise agreed. The corrective action plan may require one or both of the following steps:

- A. The Board may require that Customer take all reasonable steps to reduce its consumption to the rate of flow established by the Maximum Flow Rate. Such steps may include water conservation measures, outdoor water use restrictions, water loss studies and remediation, and an internal system operation evaluation. In addition, the Board may require that Customer adjust its rate of flow at individual meters, including the establishment of a not-to-exceed flow rate for individual meters.
- B. The Parties may meet to negotiate a new Maximum Flow Rate. If so negotiated, Customer shall pay the rate associated with the new Maximum Flow Rate in the subsequent rate year.

If the Parties determine that a corrective action plan is not required and a subsequent Pressure Problem occurs, the Parties shall meet to develop and implement a mutually agreeable written corrective action plan within sixty calendar days of the subsequent Pressure Problem, or as otherwise agreed. Any corrective action plan required under this Section 5.08 shall include a timetable for resolution of the Pressure Problem. In the event the reason for the Pressure Problem is due to a Customer water main break, fire or meter calibration performed by DWSD, these events will be taken into consideration in determining (1) whether a corrective action plan is warranted and (2) the extent to which, if any, the steps specified above in this Section 5.08 should apply.

5.09 Board Costs for Corrective Action Plan. If at any time the Board is required under the terms of this Article 5 to develop and implement a corrective action plan and the plan involves incurring capital costs, the Board will determine whether the costs will be charged as a System cost or whether the cost will be borne by a specific customer or customers. If the Board determines that all or part of the costs should be borne by a specific customer or customers, the Board will seek a recommendation from the Technical Advisory Committee on the assessment of the costs.

5.10 Customer Costs for Corrective Action Plan. If at any time Customer is required under the terms of this Article 5 to develop and implement a corrective action plan, Customer will pay all costs related thereto.

Article 6. Technical Advisory Committee

6.01 Establishment. The Technical Advisory Committee is formed to facilitate a cooperative working partnership between the Board and its wholesale water customers by facilitating the development of recommendations regarding System planning and supply to DWSD management and the Board. The Technical Advisory Committee shall maintain bylaws that govern the way it conducts its business. In the event of a conflict between the terms of the bylaws adopted by the Technical Advisory Committee and the terms of this Contract, the terms of this Contract shall control.

- 6.02 General Responsibilities. The Technical Advisory Committee shall periodically review and evaluate the rates, rate methodology, and performance of the System. The Technical Advisory Committee shall review and evaluate flow rates, pressures and Annual Volumes for the System at a minimum of every five years to assist the Board in its System planning effort. The Technical Advisory Committee shall have the opportunity each year to review the Capital Improvement Program as prepared by DWSD, prior to its adoption by the Board. The Technical Advisory Committee may consider Customer proposals for improving the operation of Customer's water system and/or the System. The Board will supply the Technical Advisory Committee with information the Board deems reasonably necessary to accomplish the general responsibilities defined in this Section 6.02.
- 6.03 Annual Report by Board. The Board will present an annual report to the Technical Advisory Committee which shall consist of (1) all instances of non-compliance with the Parties' obligations contained in Article 5 herein, including Customer and Board responses thereto; (2) a general report on System operation and maintenance; and (3) a report that lists those contracts, if any, that have been entered into by the Board and another customer(s) where the terms of the contract(s) invoke the application of Article 14 herein.
- 6.04 Notification of Rates. The Board shall provide Customer and the Technical Advisory Committee with notice of the proposed rates for each fiscal year as early as possible before the implementation of the rates.
- 6.05 Disclosure of Rate Information by Board. Each year, the Board will disclose to Customer and the Technical Advisory Committee information related to wholesale rates.
- 6.06 Disclosure of Rate Information by Customer. Each year, Customer will disclose to its customers information related to its retail rates and other charges, and information regarding what portion of those costs is related to charges from DWSD and/or other major service providers.
-
- 6.07 Work Groups. The Technical Advisory Committee may create work groups to address specific issues facing the System. The work groups in existence as of January 1, 2008 are the Analytical Work Group, the Best Practices Work Group, the Contract Work Group, the Customer Service Work Group, the Emergency Preparedness Work Group, and the Rates Work Group. Any reference to a particular work group in this Contract shall include its successor or replacement if altered or discontinued.

Article 7. Rates

- 7.01 Rates. Customer agrees to pay for all water supplied by the Board at such rates as the Board may establish. Rates shall be reasonable in relation to the costs incurred by the Board for the supply of water and shall conform to Public Act 34 of 1917, Michigan Compiled Laws, Sec. 123.141, et seq., as amended. The Board shall give written notice of any changes in the rates. Notice shall be made in accordance with Section 5e of Public Act 279 of 1909, Michigan Compiled Laws, Sec. 117.5e, as amended, ("Act 279").

- 7.02 Notification of Rates. As soon as possible in the ratemaking process, the Board shall provide information on proposed rates and the draft data and information used in the calculation of proposed rates in a format that will enable Customer to assist in the ratemaking process. Not less than thirty calendar days prior to the hearing required by Act 279, the Board shall provide Customer with written notice of a proposed rate and the underlying data used to calculate the rate. The Board shall meet with Customer to review the rate and the data.
- 7.03 Estimate of Usage. In the event meters fail to correctly measure the quantity of water supplied to Customer for any period of time, the Board shall provide a reasonable estimate of the quantity of water supplied to Customer for such period provided that there is a reasonable basis for the estimate. Customer and the Board shall, either through their respective technical representatives and/or the Technical Advisory Committee, seek agreement upon a method to estimate such quantities. In the event the Parties are unable to agree upon a method to estimate such quantities, the Board's determination of a method shall be conclusive and the Customer agrees to accept the estimate established by the Board.
- 7.04 Rate Methodology. The Board agrees to provide to Customer a description of the current methodology for rate making in the form of the "Rates 101" document produced by the Technical Advisory Committee, as may be periodically updated. The "Rates 101" document, entitled *DWSD Rates: Understanding DWSD Wholesale Water Rates*, and any updates thereto shall be provided to Customer via posting on the DWSD website.

Article 8.
Meters and Meter Facilities

- 8.01 Metering Requirement. All water furnished by the Board to Customer shall be measured by water meters installed in Meter Facilities at Customer's Water Distribution Points unless, in the Board's determination, it is not feasible to install water meters due to the configuration of Customer's water system.
- 8.02 Existing Distribution Points. As of the effective date of this Contract, the Board shall own, operate and maintain all water meters and Meter Facilities for all existing Water Distribution Points, unless specifically indicated otherwise in Exhibit A.
- 8.03 Customer Maintenance Responsibilities. Customer shall be responsible for maintaining at its Water Distribution Points any and all appurtenances as may be designated as Customer's responsibility in Exhibit A. Should Customer fail to maintain the appurtenances shown in Exhibit A, the Board may take reasonable steps to maintain the appurtenances and charge the reasonable cost of doing so to Customer. Prior to the Board taking action to maintain the appurtenances, the Board shall give Customer thirty days written notice to complete the required maintenance. Notice to the Customer shall not be required if, in the Board's determination, there exists an emergency condition affecting the operation of the System or if the health, safety and welfare of the general public may be jeopardized.

- 8.04 New Distribution Points. For any new Water Distribution Points that may be constructed or installed after the effective date of this Contract, Customer shall furnish at Customer's expense, a water meter and Meter Facility that meets the Board's specifications. Thereafter, the Board shall furnish any replacement water meters for new Water Distribution Points and the expense shall be recovered through the Board's rates as a System cost. The Board shall own, operate and maintain all water meters and Meter Facilities after construction, installation or replacement, unless specifically indicated otherwise in Exhibit A.
- 8.05 Meter Repair and Replacement. If the Board initiates a meter repair or meter replacement, the cost shall be recovered through the Board's rates as a System cost. If Customer requests a meter replacement for reasons other than malfunction or disrepair, Customer shall pay the cost of the replacement.
- 8.06 Pressure Regulating Facilities. After the effective date of this Contract, all newly installed Customer-owned pressure regulating facilities shall be installed in a facility that is separate from the Board's Meter Facility.

**Article 9.
Dispute Resolution**

- 9.01 Any and all claims alleging a breach of this Contract may first be submitted to an alternative dispute resolution process. An alternative dispute resolution process may include, but is not limited to, facilitation, binding arbitration, or non-binding arbitration. Each Party shall be responsible for its own costs and fees (including expert witness fees and attorney fees), unless otherwise agreed to in writing. The Parties shall agree upon the form and procedures for the agreed upon alternative dispute resolution process. This Article 9 shall not prohibit a Party from seeking relief directly from a court of competent jurisdiction at any time.

**Article 10.
Default Provisions**

- 10.01 In the event either Party commits a material breach of this Contract, the Party alleging the breach shall give written notice of the breach to the other Party within a reasonable time of discovering the breach. The Party in breach shall be given a reasonable time to cure the breach. If the Party in breach fails to cure the breach, the non-breaching Party may declare this Contract in default and pursue all available legal remedies, including termination of this Contract for cause. In the event that the Party in breach is showing reasonable progress toward curing the breach, the Party alleging the breach may extend the time for curing the breach.

Article 11.
Force Majeure and Other Events

- 11.01 Force Majeure. No failure or delay in performance of this Contract, by either Party, shall be deemed to be a breach thereof when such failure or delay is caused by a force majeure event including, but not limited to, any Act of God, strikes, lockouts, wars, acts of terrorism, riots, epidemics, explosions, sabotage, breakage or accident to machinery or lines of pipe, the binding order of any court or governmental authority, or any other cause, whether of the kind herein enumerated or otherwise, not within the control of a Party, except that no cause or contingency shall relieve Customer of its obligation to make payment for water delivered by the Board.
- 11.02 Board Liability. Except to the extent that the Board is the proximate cause, the Board shall not be held liable or accountable for any bursting, leakage, breakage, damage or accident of any kind that may occur to Customer's water works system, or any damages of any kind or nature, including, but not limited to, injury to persons or damage to property, resulting from such bursting, leakage, breakage, damage or accident that may occur to water mains or pipes located downstream of the Water Distribution Points specified herein, or located within Customer's distribution system.
- 11.03 Discontinuance of Service. In the event the public health, safety and welfare requires the Board to discontinue temporarily all or part of the supply of water to Customer, no claims for damages of any kind or nature for such discontinuance shall be made by Customer against the Board. The Board will provide notice to Customer of any temporary discontinuance of the water supply.

Article 12.
Timely Payment

- 12.01 Bills for water service shall be rendered to Customer on a monthly basis. All such bills shall be due and payable within forty-five calendar days from the date shown on the bill. Any portion of the charges that are not paid by the due date shall be subject to a finance charge at a rate of 1.5% per month for each month that they remain unpaid. Any portion of the total bill, plus any finance charges applied to the bill which are not paid by the next billing date, shall be shown on the next bill as arrears. The Board may disconnect water service if bills are overdue ninety calendar days from the billing date. The Board shall not terminate water service if there is a good faith dispute concerning the accuracy of billings. If the accuracy of a bill is in dispute, Customer shall place the disputed amount in an escrow account pending resolution of the dispute. Accrued interest on the escrow account shall belong to the Party that prevails in the resolution of the dispute.

Article 13.
Assignment

- 13.01 This Contract shall not be assigned, in whole or in part, by either Party without the prior written consent of the other Party. Consent to an assignment by either Party shall not be unreasonably withheld.

Article 14.
Ensuring Equality of Contract Terms

14.01 If the Board enters into any contract, and any amendments thereto, with a water service customer other than Customer, and the material terms of such other contract are more favorable than the material terms of Customer's Contract, Customer may elect to adopt all of such other material terms. However, if Customer exercises the option provided for in this Article 14, Customer must accept all material terms of the other contract in their entirety and may not select among various terms contained in multiple other contracts by, for example, selecting the Contract Term from one contract and the Early Termination Costs provision of another contract. The terms and conditions of Exhibit B of this Contract are specifically excluded from the application of this Article 14.

Article 15.
Amendment

- 15.01 The Parties may periodically consider it in their best interests to change, modify or extend a term, condition or covenant of this Contract for reasons which may include, but are not limited to, the creation, expansion or closing of industry or other business. Any change, addition, deletion, extension or modification that is mutually agreed upon by the Board and Customer shall be incorporated in a written amendment to this Contract. Such amendments shall not invalidate this Contract nor relieve or release either Party of any of its respective obligations under this Contract unless so stated in the amendment.
- 15.02 No amendment to this Contract shall be effective and binding upon the Parties unless it expressly makes reference to this Contract, is in writing, is signed and acknowledged by duly authorized representatives of both Parties, is approved by Customer's governing body, and is approved by the Board and the Detroit City Council.

Article 16.
Notices

- 16.01 Except as otherwise specified herein, all notices, consents, approvals, requests and other communications (collectively, "Notices") required or permitted under this Contract shall be given in writing and mailed by first class mail to the Parties and at the addresses identified in Exhibit B.
- 16.02 All Notices shall be deemed given on the day of post-marked mailing. Any Notice given by a Party hereunder must be signed by an authorized representative of such Party.
- 16.03 Notwithstanding the requirement above as to the use of first-class mail, change of address notices, termination notices, and other Notices of a legal nature, shall be sent by certified first-class mail, postage prepaid, return receipt requested.

Article 17.
Water Quality

- 17.01 Contamination. For the protection of the health of all consumers supplied with water from the System, Customer agrees to guard carefully against all forms of contamination. Should contamination occur, the area or areas affected shall immediately be shut off and isolated, and shall remain so until such conditions shall have been abated, and the water declared safe and fit for human consumption by the properly constituted governmental health agencies having jurisdiction of the area affected. Customer shall immediately notify the Board, and the Board shall immediately notify Customer, of any emergency or condition that may affect the quality of water in either Party's system.
- 17.02 Co-mingling of Water Sources. Except in cases of emergency, Customer will not permit water from any other source of supply to be mixed or mingled with water from the System without prior written approval from the Board. In cases of emergency, only such water from sources other than the Board shall be used as shall meet the requirements of the Michigan Department of Environmental Quality, and then only in such quantities as shall be necessary to relieve the emergency.
- 17.03 Emergency Connections. During emergencies, Customer's water facilities may be used and connected, at the discretion of the Board, to water facilities serving other communities for flow in either direction to provide an adequate water supply from the System to Customer and to other areas and other units of government. Customer shall be permitted to immediately make an emergency connection when the connection point to be used has been previously approved for emergency use by the Board in writing, provided that Customer shall, after making the connection, promptly notify the Board of such event. When the emergency has been abated, the emergency connection must be severed as soon as practicable. The Board, or its designee, must approve, in writing, the continuation of any emergency connection that is required for longer than seven calendar days. If an approved emergency connection continues for more than seven calendar days, Customer must provide the Board with weekly updates on the emergency and a schedule for abatement of the emergency that must be approved by the Board in writing.
- 17.04 Water Quality. The Board shall endeavor to remain in compliance with all applicable Michigan and Federal laws, rules and regulations regarding drinking water quality.

Article 18.
Rights-of-Way

- 18.01 Use of Rights-of-Way. The Customer shall assist the Board to obtain permission to use streets, highways, alleys, and/or easements in the local governmental units within the Customer's jurisdiction for the purpose of constructing, maintaining, and operating water facilities to adequately service the Customer's jurisdiction and other areas. This assistance shall include obtaining the consent of the local governmental units, as provided in Article 7, Section 29, Michigan Constitution of 1963. In the event of such construction, the Board shall request the Customer and local governmental units within the Customer's jurisdiction to execute such separate instruments granting rights-of-way in its streets, highways, and alleys as may be reasonably required by the Board. The

Board shall give the Customer notice of any construction work in the Customer's jurisdiction. The Board shall comply with any of Customer's ordinances that apply to the construction. Customer shall inform the Board of the applicable ordinances. The Board and Customer shall meet to review the construction and its impact on their respective operations. The Board shall restore all existing structures and/or improvements laying in the right-of-way of construction to as good a condition as before the construction took place. Any such facilities constructed, maintained and operated under this section shall remain the property of the Board and shall not be operated or maintained by any entity other than the Board or its authorized representatives.

18.02 Relocation of Facilities. Should future construction by any federal, state or county agency require relocation of a water transmission main, Meter Facility or other Board facility, the cost incurred by the Board for such relocation, if not reimbursed by the agency requiring the relocation, will be charged in future rates as a common-to-all cost to all System users. Otherwise, the cost incurred by the Board for construction requiring the relocation of a water transmission main, Meter Facility or other Board facility that is proposed, required, undertaken, conducted or facilitated by Customer will be charged to Customer.

18.03 Easements. Subject to the provisions of Section 18.01 herein and to the extent that Customer has jurisdiction, the Board shall be granted temporary and permanent easements, and shall be permitted to use the streets, alleys and highways within Customer's legal jurisdiction for the purpose of constructing, operating and maintaining the System. This consent by Customer is given in compliance with Article 7, Sec. 29 of the Michigan Constitution of 1963, provided that the Board shall provide Customer with a written explanation of the type of easement required and the duration thereof.

Article 19.

Access to Towers and Antennas

19.01 Where possible, each Party shall give to the other Party access to towers and antennas under its respective jurisdiction for the purpose of transmitting information recorded in the Meter Facilities. Access shall not be unreasonably denied by either Party.

Article 20.

Relationship to Wastewater Services

20.01 Customer and the Board acknowledge that future growth in the System may place additional burdens on their respective wastewater systems. Customer, if it is also a wastewater disposal services customer of the Board, understands that any increase in the volume of water it receives from the System is not a guarantee of increased capacity in the Board's wastewater disposal system.

Article 21.
Construction Standards

- 21.01 The Board shall have the right to review and approve Customer's construction plans for Meter Facilities at new Water Distribution Points, water mains sized twenty-four inches and larger, pump stations, reservoirs and water towers. The Board's approval of construction plans shall be timely and shall not be unreasonably withheld.

Article 22.
Operation of Storage

- 22.01 Prior to Customer's operation of any new or existing water storage facility, Customer shall seek the Board's written approval of the filling schedule ("Filling Schedule") of the storage facility. The Board may periodically require Customer to change or adjust a previously approved Filling Schedule. The Parties shall collaborate on devising a mutually beneficial Filling Schedule. If the Parties are unable to agree upon a Filling Schedule, the Board's determination of a Filling Schedule shall be final. All Filling Schedules shall be for a period of six consecutive hours. Customer shall at all times abide by the then-current Board approved Filling Schedule. The Board shall act promptly in approving Filling Schedule requests. Nothing in this Article 22 shall prevent Customer from operating its storage facility at any time, provided that any storage operation that falls outside of the approved Filling Schedule shall not be exempt from the terms of Sections 5.03 and 5.04 herein.

Article 23.
Miscellaneous

- 23.01 If any provision of this Contract or its application to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Contract shall not be affected and shall remain valid and enforceable to the fullest extent permitted by law.
-
- 23.02 This Contract contains the entire agreement between the Parties and all prior negotiations and agreements are merged into this Contract. Neither Party has made any representations except those expressly set forth in this Contract, and no rights or remedies are, or shall be, acquired by either Party by implication or otherwise unless expressly set forth in this Contract.
- 23.03 Unless the context otherwise expressly requires, the words "herein," "hereof," and "hereunder," and other words of similar import, refer to this Contract as a whole and not to any particular section or subdivision.
- 23.04 The headings of the sections of this Contract are for convenience only and shall not be used to construe or interpret the scope or intent of this Contract or in any way affect the same.

- 23.05 The rights and remedies set forth in this Contract are not exclusive and are in addition to any of the rights or remedies provided by law or equity. This Contract and all actions arising under it shall be governed by, subject to, and construed according to the law of the State of Michigan. Each Party agrees, consents and submits to the exclusive personal jurisdiction of any state or federal court of competent jurisdiction in Wayne County, Michigan, for any action arising out of this Contract. Each Party also agrees that it shall not commence any action against the other Party because of any matter whatsoever arising out of or relating to the validity, construction, interpretation and enforcement of this Contract in any state or federal court of competent jurisdiction other than one in Wayne County, Michigan.
- 23.06 There are no third party beneficiaries to this Contract and this Contract shall not be construed to benefit any persons other than the Board and Customer.
- 23.07 This Contract may be executed in any number of originals, any one of which shall be deemed an accurate representation of this Contract. Promptly after the execution of this Contract, the Board shall provide a copy to the Customer.
- 23.08 The rights and benefits under this Contract shall inure to the benefit of and be binding upon the respective Parties hereto, their agents, successors, and assigns.
- 23.09 Any and all documents, memoranda, reports, exhibits or other written material referred to in this Contract are and shall be incorporated by reference herein.
- 23.10 This Contract shall be deemed to be mutually drafted.

(Signatures appear on next page)

In Witness Whereof, the City and Customer, by and through their duly authorized officers and representatives, have executed this Contract.

City of Novi:

By: _____
David Landry
Its: Mayor

By: _____
Maryanne Cornelius
Its: City Clerk

City of Detroit:

By: _____
Dave Bing
Its: Mayor

APPROVED BY
NOVI CITY COUNCIL ON:

Date

APPROVED BY DETROIT
BOARD OF WATER COMMISSIONERS ON:

Date

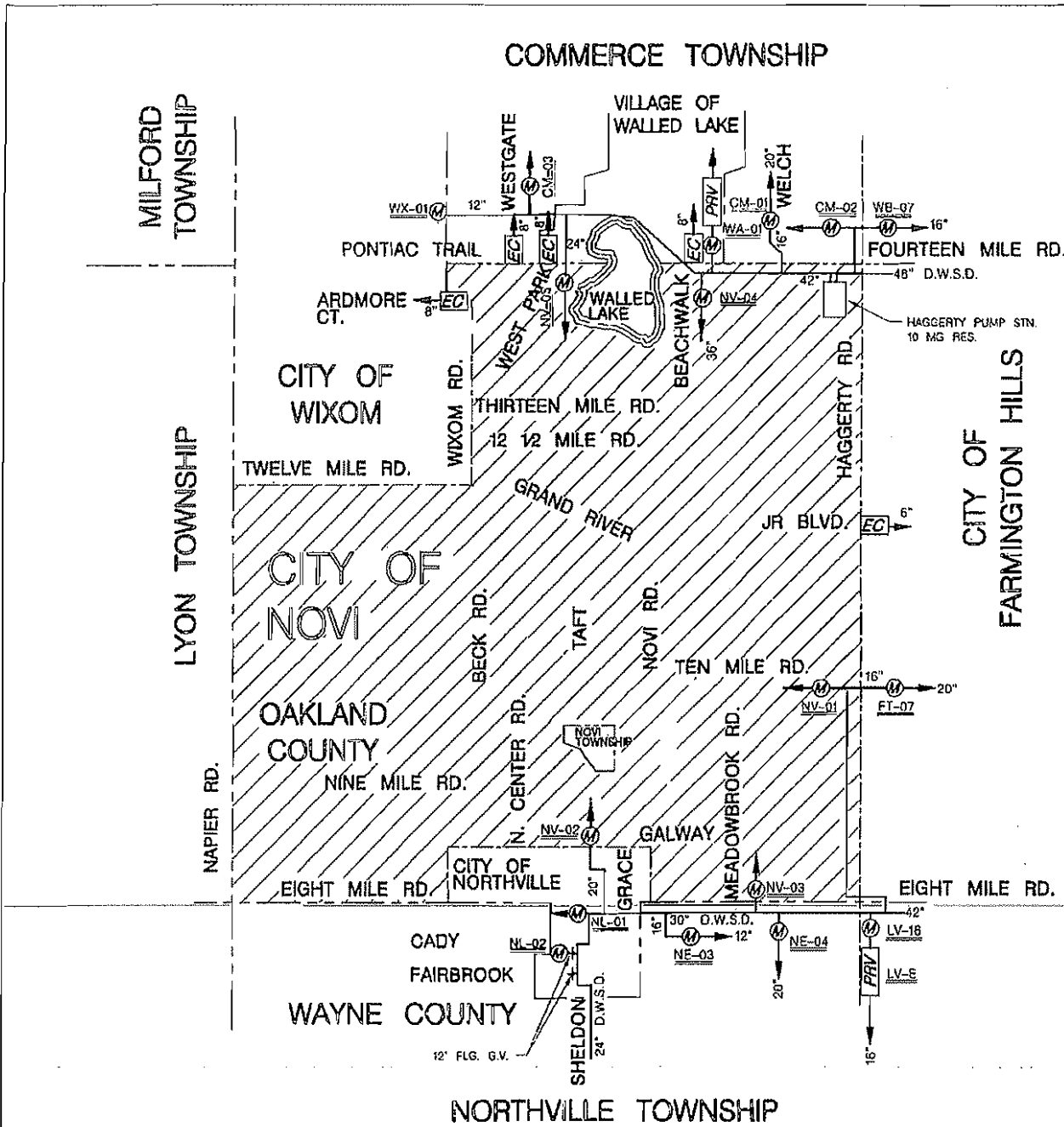
APPROVED BY
DETROIT CITY COUNCIL ON:

Date

EXHIBIT A
Customer's Water Distribution Points

This Exhibit contains the following information:

1. The corporate limits of Customer;
2. The agreed upon water Service Area of Customer which (a) may or may not be entirely within the corporate limits of Customer and (b) which may or may not include the entire area within the Customer's corporate limits;
3. The specific location of the Water Distribution Points, including any Board approved emergency connections;
4. The designation of appurtenances to be maintained by Customer and those to be maintained by the Board; and
5. A list of any closed meter locations.



LEGEND

SYMBOL	DESCRIPTION	SYMBOL	DESCRIPTION
	DWSD METER PIT		SERVICE AREA
	PRV		CITY-TWP LINE
	EMERGENCY CONNECTION		CITY OR TWP. LINE



R.M.A.	MAY 15, 1990
A.C.	JULY 1990
T.E.W.	JANUARY 1992

EXHIBIT-A

SERVICE AREA LOCATION MAP	
CITY OF NOVI	

Exhibit A

City of Novi Emergency Connections:

Connection to Farmington Hills

6" GV&W at the intersection of Haggerty Road and JR Blvd

Connection to Walled Lake

8" GV&W at the intersection of Fourteen Mile Road and Beachwalk Drive

8" GV&W at the Windward Bay condominiums

8" GV&W at the intersection of Pontiac Trail and Westgate Blvd

Connection to Wixom

8" GV&W at the intersection of Beck Road and Ardmore Court

12" GV&W on Beck Road at Shoppes At The Trail

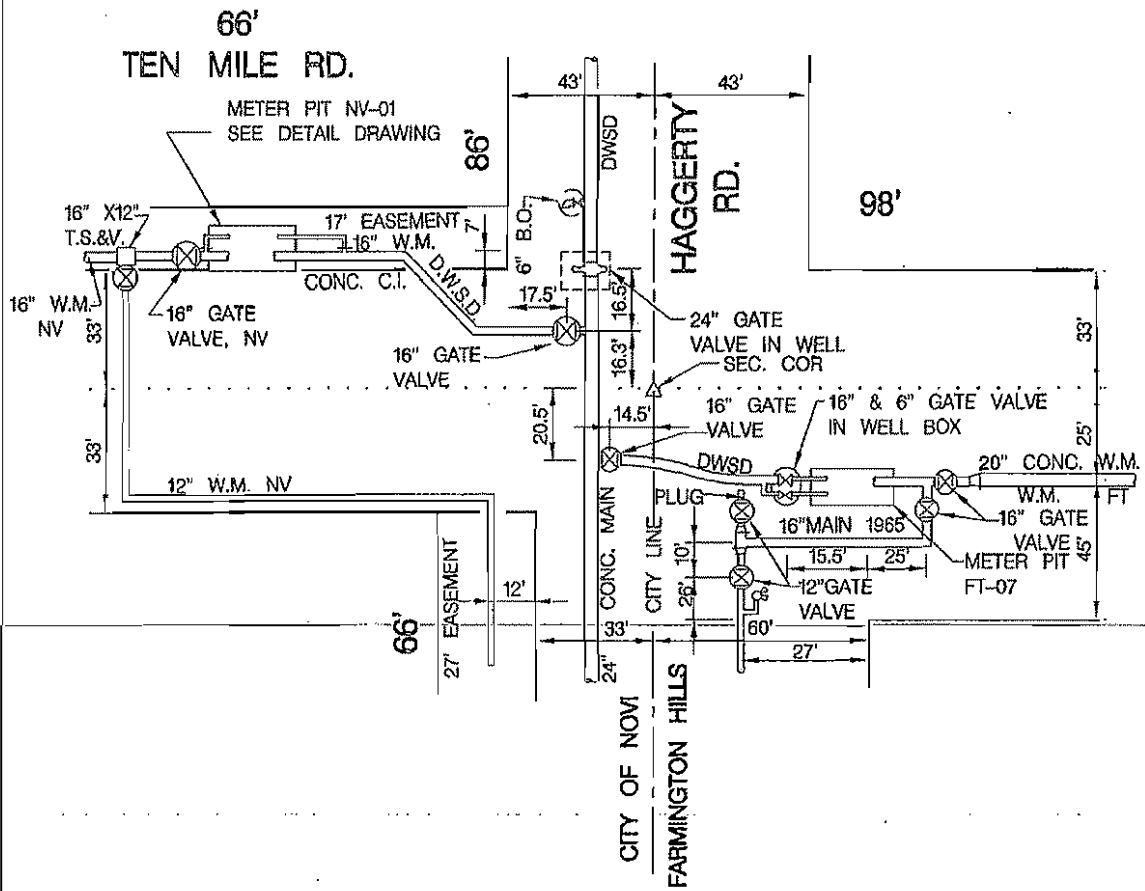
City of Novi Water Customers Outside Municipal Limits:

None.

City of Novi Master Meters Not In Service:

None.

EXHIBIT-A
 NV-01
 TEN MILE RD. AND HAGGERTY
 CITY OF NOVI



NV-NOVI OWNERSHIP
 AND MAINTENANCE
 FT-FARMINGTON HILLS
 OWNERSHIP AND MAINTENANCE

SITE PLAN
 NOT TO SCALE

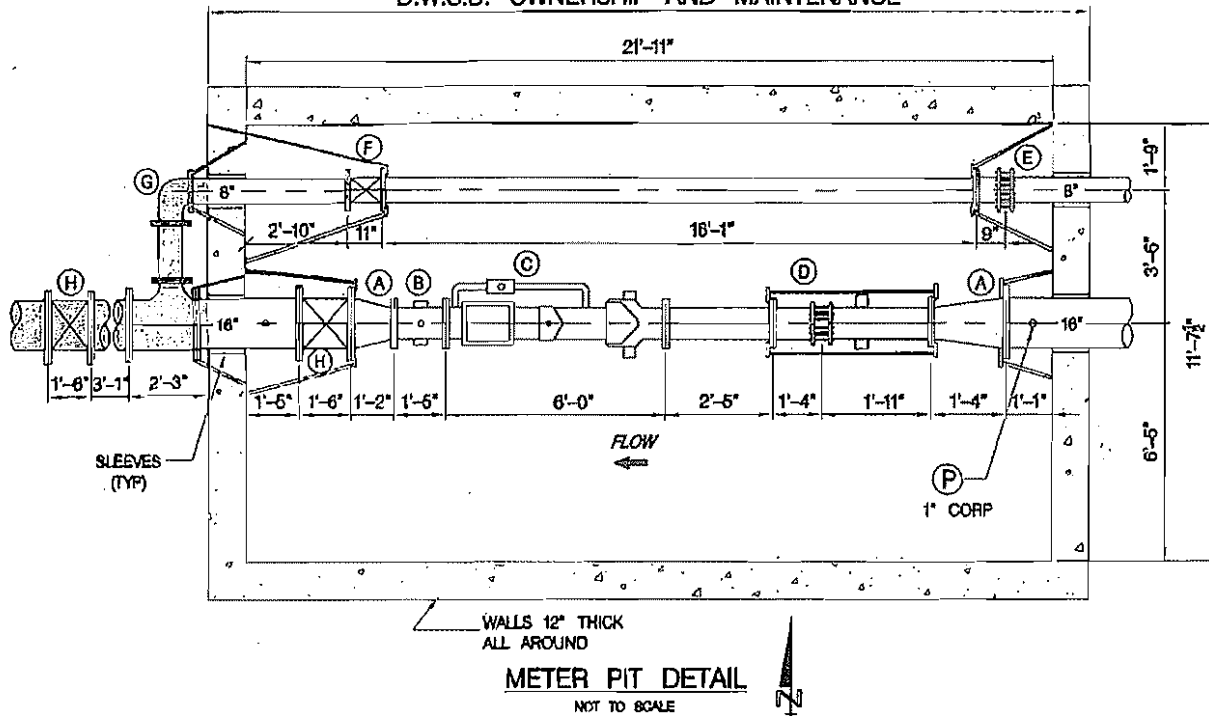


LOCATIONS SUBJECT TO
 VERIFICATION IN THE FIELD.



EXHIBIT-A
NV-01
TEN MILE RD. AND HAGGERTY
CITY OF NOVI

D.W.S.D. OWNERSHIP AND MAINTENANCE



LEGEND			
TAG	QTY	DESCRIPTION	SIZE
A	2	CONCENTRIC REDUCERS, D.I.	16" X 10"
B	1	DUCTILE IRON TEE	10" X 3"
C	1	SENSUS FIRELINE MTR. W 2" BY-PASS	10"
D	1	DRESSER STYLE 38 COUPLING	10"
E	1	DRESSER STYLE 38 COUPLING	8"
F	1	GATE VALVE	8"
G	1	90° ELBOW	8"
H	2	GATE VALVE	16"

CITY OF NOVI O&M

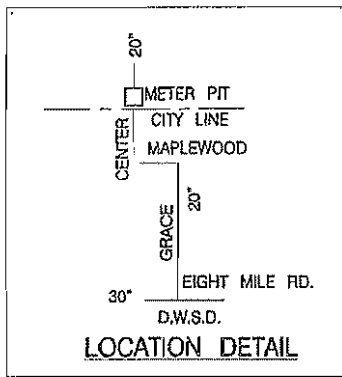
TYPICAL PRESSURE LOSS-THRU-METER	
METER TYPE	P.S.I. LOSS
VENTURI	1 - 2
MAG	0
TURBINE	4 - 8

(P) UPSTREAM PRESSURE TRANSMITTER, DWSD OWNERSHIP AND MAINTENANCE.

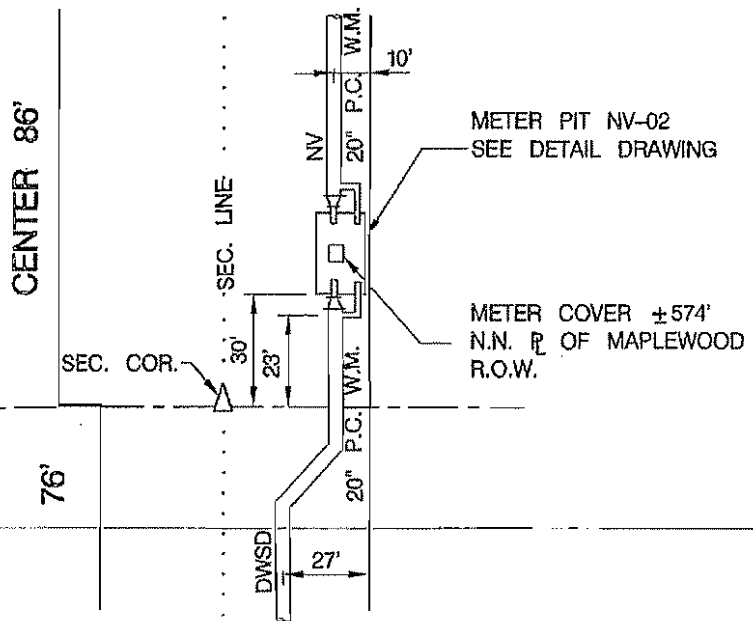
ADDRESS _____ 24200 HAGGERTY ROAD
 FEED TO _____ CITY OF NOVI
 FEED FROM _____ D.W.S.D. TRANS. MAIN
 TYPE OF METER _____ SENSUS TURBO
 SIZE OF METER _____ 10" X 2"
 METER NUMBER _____ 10*)1508468 & 2*)1482104
 DATE METER SET _____ 6/24/1997
 METER PIT CONST & SIZE _____ REINFORCED CONCRETE 21'-11" X 11'-7.5" I.D.
 GATE BOOK No _____ W-1401
 REMARKS _____ NONE



EXHIBIT-A NV-02 NORTH CENTER STREET CITY OF NOVI



CITY OF NOVI
CITY-LINE
CITY OF NORTHVILLE



NV-NOVI OWNERSHIP
AND MAINTENANCE

SITE PLAN
NOT TO SCALE

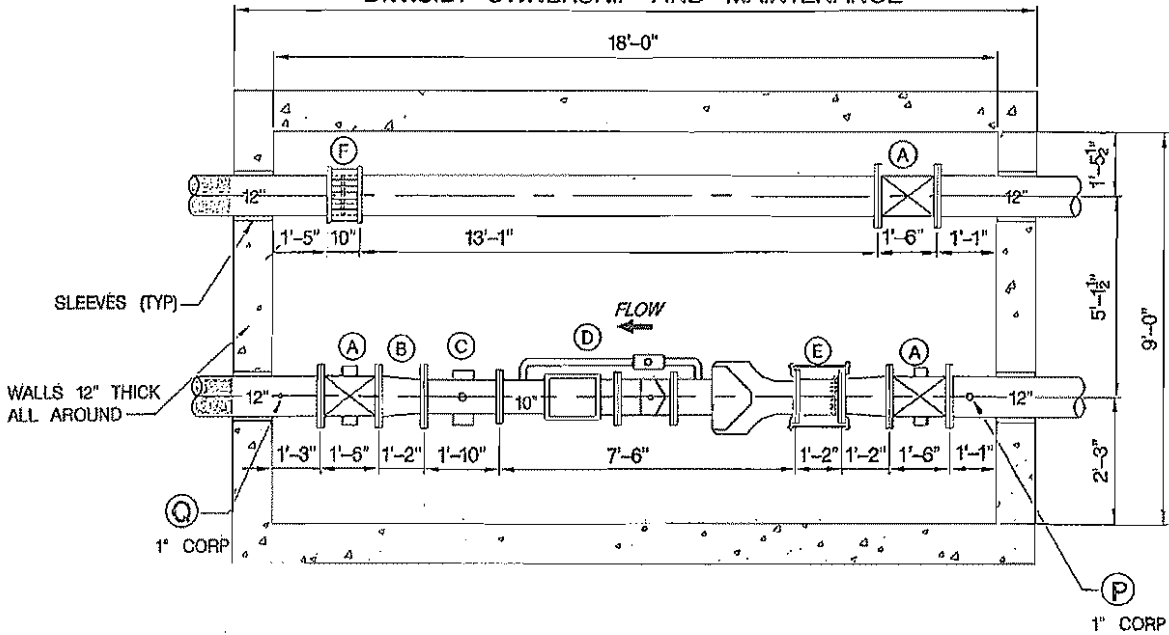


LOCATIONS SUBJECT TO
VERIFICATION IN THE FIELD.



EXHIBIT-A
NV-02
NORTH CENTER STREET
CITY OF NOVI

D.W.S.D. OWNERSHIP AND MAINTENANCE



METER PIT DETAIL

NOT TO SCALE



LEGEND			
TAG	QTY	DESCRIPTION	SIZE
A	3	GATE VALVE	12"
B	2	FXF DUCTILE IRON CONCENTRIC REDUCER	12"x10"
C	1	TEST TEE ASSEMBLY	3"
D	1	SENSUS FIRELINE METER W/ STRAINER & 2" BY-PASS	10"
E	1	DUCTILE IRON SPOOL PIECE	10"
F	1	DRESSER STYLE 128 FLANGE ADAPTER	10"

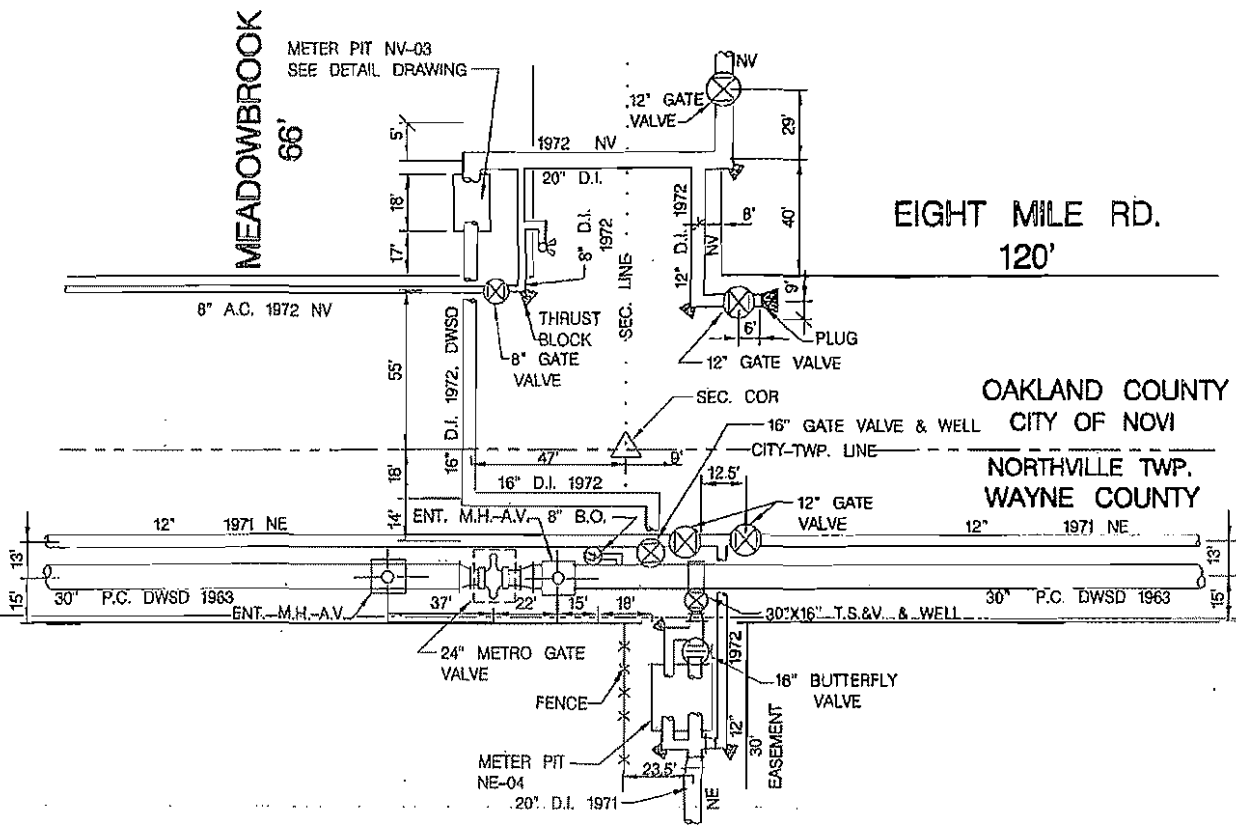
CITY OF NOVI O&M	
TYPICAL PRESSURE LOSS THRU METER	
METER TYPE	P.S.I. LOSS
VENTURI	1 - 2
MAG	0
TURBINE	4 - 6

- (P) UPSTREAM PRESSURE TRANSMITTER, DWSO OWNERSHIP AND MAINTENANCE
- (Q) DOWNSTREAM PRESSURE TRANSMITTER, DWSO OWNERSHIP AND MAINTENANCE

ADDRESS _____ 21602 CENTER
 FEED TO _____ CITY OF NOVI
 FEED FROM _____ D.W.S.D. 20" TRANS. MAIN
 TYPE OF METER _____ SENSUS TURBO
 SIZE OF METER _____ 10" X 2"
 METER NUMBER _____ 10")1508467 & 2")1482108
 DATE METER SET _____ 4/1/1997
 METER PIT CONST & SIZE _____ REINFORCED CONCRETE 18'-0" X 9'-0" I.D.
 GATE BOOK No _____ NONE
 REMARKS _____ NONE



EXHIBIT-A
 NV-03
 EIGHT MILE AND MEADOWBROOK
 CITY OF NOVI



NV- NOVI OWNERSHIP
 AND MAINTENANCE

NE- NORTHVILLE TWP. OWNERSHIP
 AND MAINTENANCE

SITE PLAN
 NOT TO SCALE

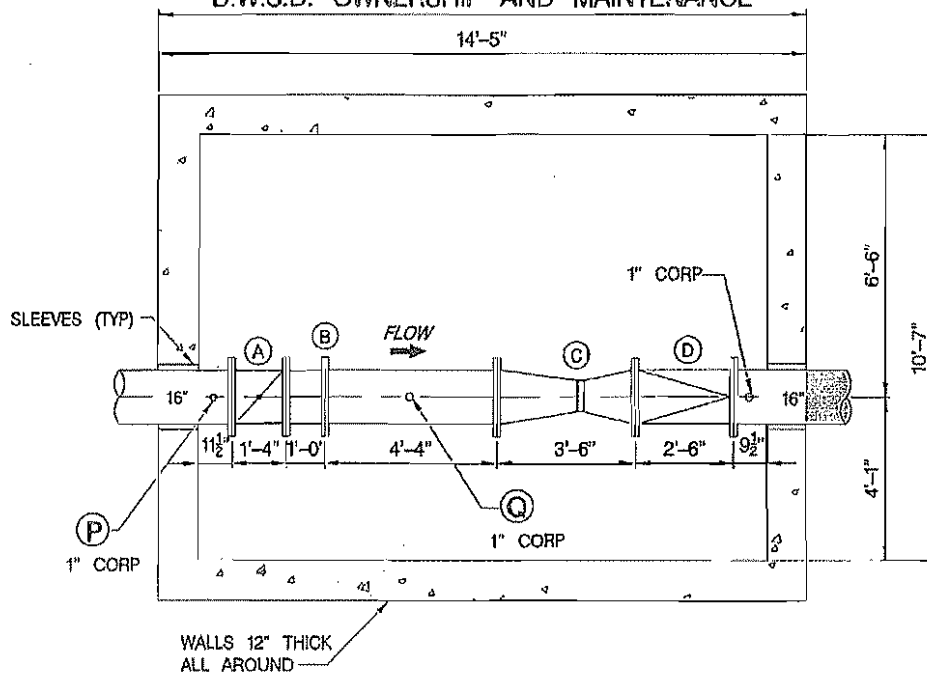


LOCATIONS SUBJECT TO
 VERIFICATION IN THE FIELD.



**EXHIBIT-A
NV-03
EIGHT MILE AND MEADOWBROOK
CITY OF NOVI**

D.W.S.D. OWNERSHIP AND MAINTENANCE



METER PIT DETAIL
NOT TO SCALE

LEGEND			
TAG	QTY	DESCRIPTION	SIZE
A	1	BUTTERFLY VALVE W/ ORIFICE	16"
B	1	VICTAULIC COUPLING	18"
C	1	B.I.F. VENTURI TUBE	16"x10"
D	1	CHAPMAN CHECK VALVE	16"

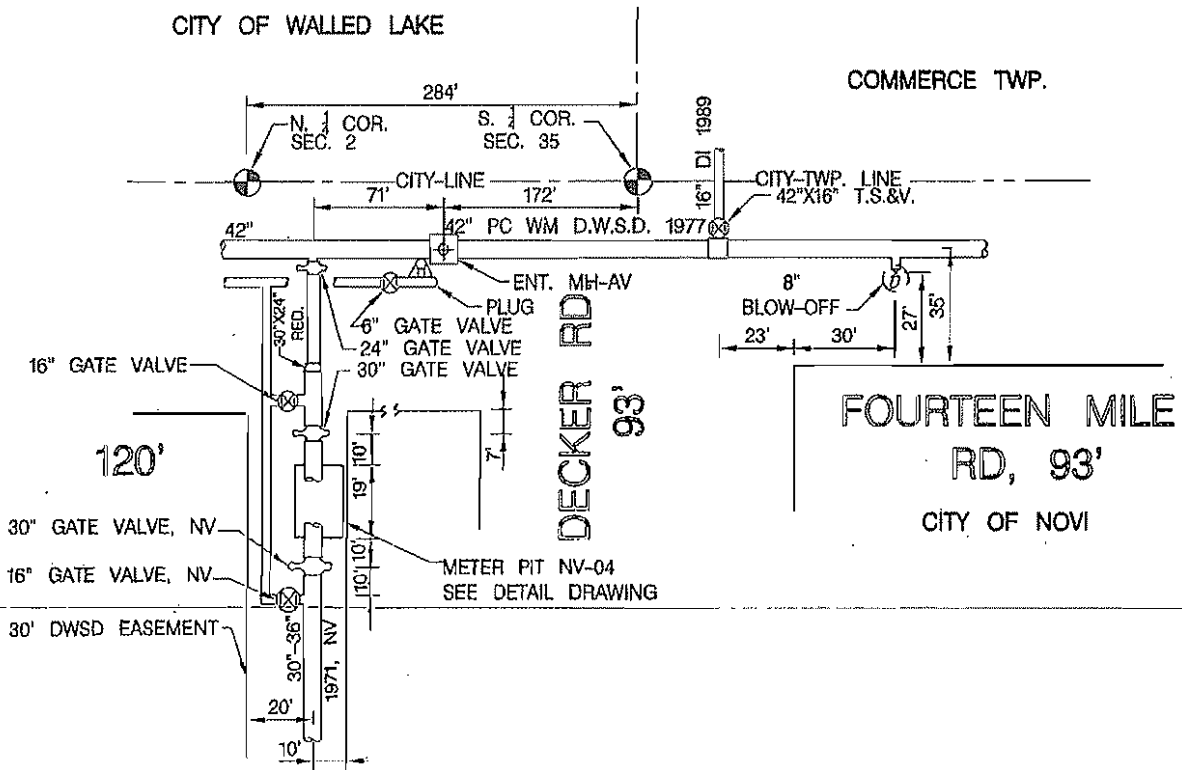
CITY OF NOVI O&M	
TYPICAL PRESSURE LOSS THRU METER	
METER TYPE	P.S.I. LOSS
VENTURI	1 - 2
MAG	0
TURBINE	4 - 6

- (P)** UPSTREAM PRESSURE TRANSMITTER, DWSD OWNERSHIP AND MAINTENANCE
- (Q)** DOWNSTREAM PRESSURE TRANSMITTER, DWSD OWNERSHIP AND MAINTENANCE

ADDRESS _____ 20707 MEADOWBROOK
 FEED TO _____ CITY OF NOVI
 FEED FROM _____ 30" D.W.S.D. TRANS. MAIN
 TYPE OF METER _____ BIF VENTURI/ORIFICE
 SIZE OF METER _____ 16" & 16.25" X 4.079"
 METER NUMBER _____ 16"16638-2 & 16.25"16638-1
 DATE METER SET _____ 8/31/97
 METER PIT CONST & SIZE _____ REINFORCED CONCRETE 14'-5" X 10'-7" I.D.
 GATE BOOK No _____ W-1375
 REMARKS _____ NONE



EXHIBIT-A
 NV-04
 FOURTEEN MILE WEST OF DECKER RD.
 CITY OF NOVI



NV-NOVI OWNERSHIP
 AND MAINTENANCE

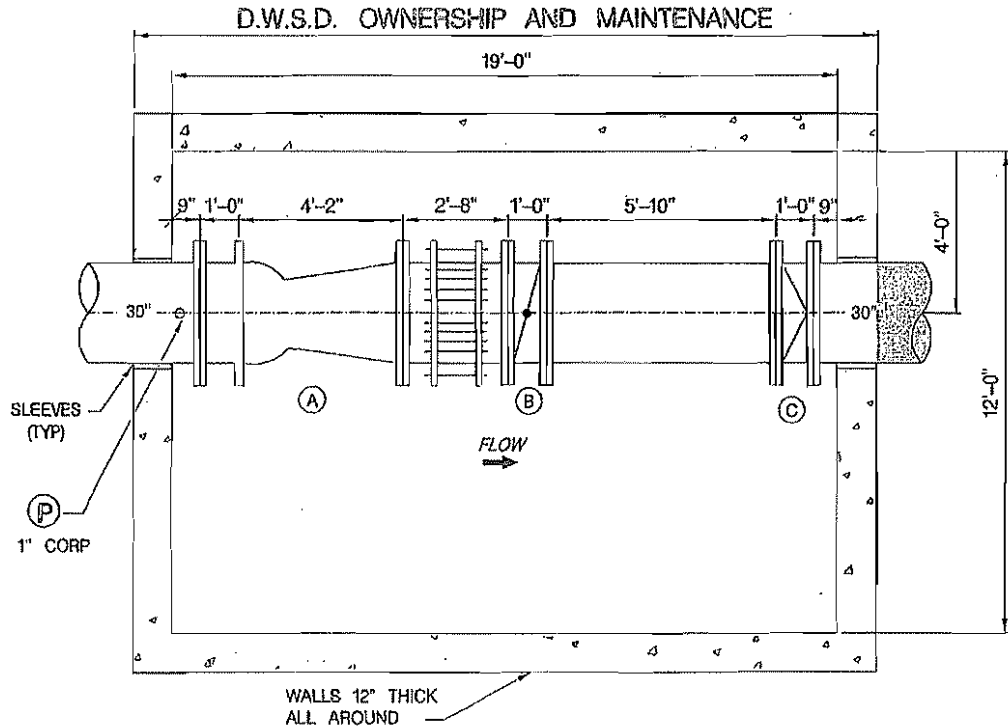
SITE PLAN
 NOT TO SCALE



LOCATIONS SUBJECT TO
 VERIFICATION IN THE FIELD.



EXHIBIT-A
NV-04
FOURTEEN MILE RD. WEST OF DECKER RD.
CITY OF NOVI



METER PIT DETAIL
 NOT TO SCALE



CITY OF NOVI O&M

LEGEND			
TAG	QTY	DESCRIPTION	SIZE
A	1	BIF VENTURI / ORIFICE	30"
B	1	BUTTERFLY VALVE	30"
C	1	CHECK VALVE	30"

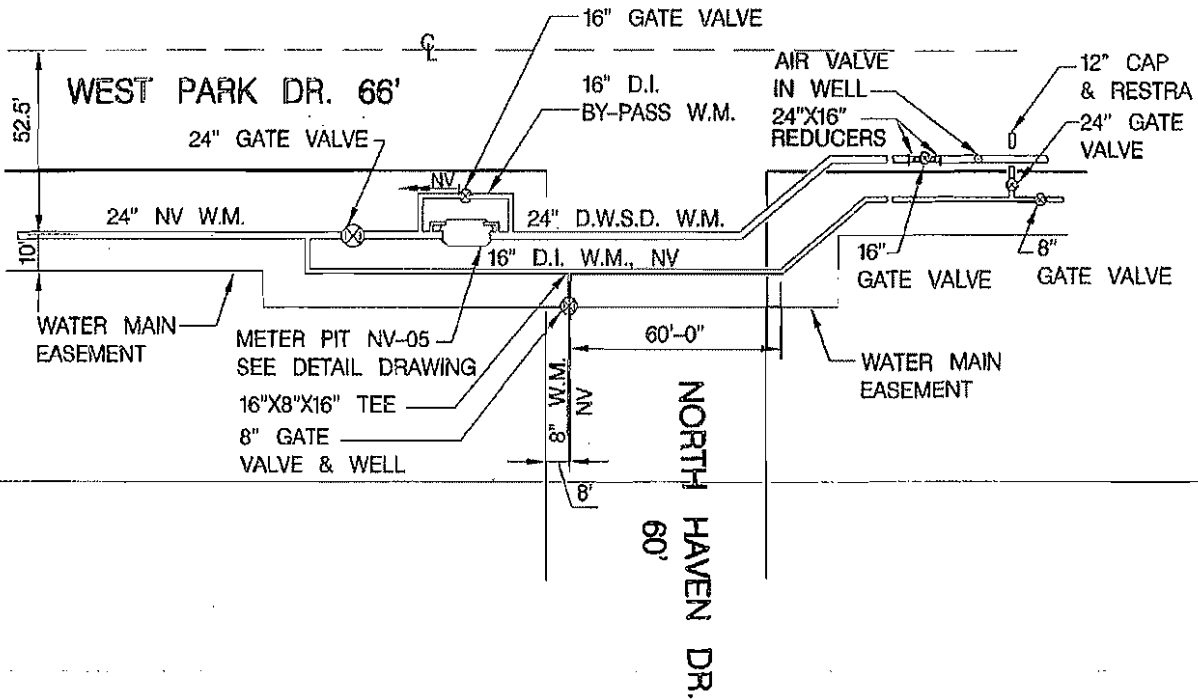
TYPICAL PRESSURE LOSS THRU METER	
METER TYPE	P.S.I. LOSS
VENTURI	1 - 2
MAG	0
TURBINE	4 - 6

(P) UPSTREAM PRESSURE TRANSMITTER, DWSD OWNERSHIP AND MAINTENANCE

ADDRESS _____ 42351 FOURTEEN MILE RD.
 FEED TO _____ CITY OF NOVI
 FEED FROM _____ 42" D.W.S.D. MAIN
 TYPE OF METER _____ BIF VENTURI / ORIFICE
 SIZE OF METER _____ 30"X17.4" & 30"X6.0604"
 METER NUMBER _____ 17.4"1462410 & 6.0604"1462411
 DATE METER SET _____ 5-14-77
 METER PIT CONST & SIZE _____ REINFORCED CONCRETE 17' X 12' I.D.
 GATE BOOK No _____ N-517
 REMARKS _____ "



EXHIBIT-A
 NV-05
 WEST PARK DR. AND NORTH HAVEN DR.
 CITY OF NOVI



NV-NOVI OWNERSHIP
 AND MAINTENANCE

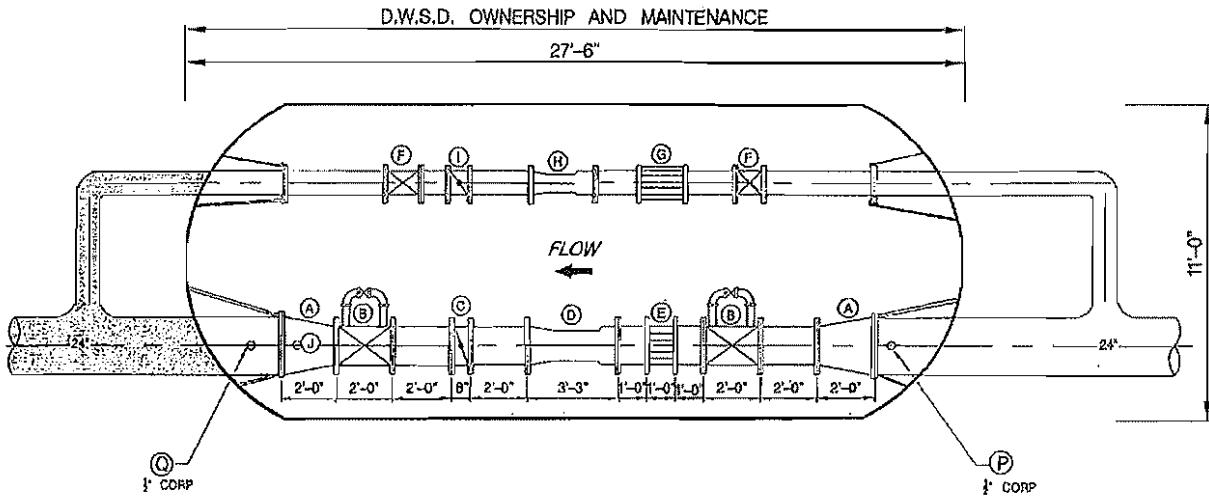
SITE PLAN
 NOT TO SCALE



LOCATIONS SUBJECT TO
 VERIFICATION IN THE FIELD.



EXHIBIT-A
 NV-05
 WEST PARK DR. AND NORTH HAVEN DR.
 CITY OF NOVI



METER PIT DETAIL
 NOT TO SCALE

LEGEND			
TAG	QTY	DESCRIPTION	SIZE
A	2	FLGD. CONCENTRIC REDUCERS	24"x16"
B	2	GATE VALVES WITH 3" BY-PASS	16"
C	1	BUTTERFLY VALVE	16"
D	1	VENTURI TUBE METER	16"
E	1	DRESSER COUPLING	16"
F	2	GATE VALVE	10"
G	1	DRESSER COUPLING	10"
H	1	VENTURI TUBE METER	10"
I	1	BUTTERFLY VALVE	10"
J	1	TAP TO ACTUATOR CONTROL PANEL	3/2"

CITY OF NOVI O&M	
TYPICAL PRESSURE LOSS-THRU-METER	
METER TYPE	P.S.I. LOSS
VENTURI	1 - 2
MAG	0
TURBINE	4 - 6

- (P) UPSTREAM PRESSURE TRANSMITTER, DWSD OWNERSHIP AND MAINTENANCE
- (Q) DOWNSTREAM PRESSURE TRANSMITTER, DWSD OWNERSHIP AND MAINTENANCE

ADDRESS _____
 FEED TO _____ CITY OF NOVI
 FEED FROM _____ 24" DWSD TRANSMISSION MAIN
 TYPE OF METER _____ VENTURI TUBE METER
 SIZE OF METER _____ 16" & 10"
 METER NUMBER _____
 DATE METER SET _____
 METER PIT CONST & SIZE _____ STEEL VAULT 27'-6" X 11'-0" I.D.
 GATE BOOK No _____
 REMARKS _____ DWSD HAS ACCESS



EXHIBIT B

Projected Annual Volume and Minimum Annual Volume (Table 1)
Pressure Range and Maximum Flow Rate (Table 2)
Flow Split Assumptions (Table 3)
Addresses for Notice (Table 4)

Table 1 and Table 2 set forth the agreed upon Projected Annual Volumes, Minimum Annual Volumes, Pressure Ranges and Maximum Flow Rates for the term of this Contract provided that figures in bold type face are immediately enforceable pursuant to the terms of Section 5.07 and italicized figures are contained for planning purposes only but will become effective absent the negotiated replacements anticipated in Section 5.07.

The approximate rate of flow by individual meter set forth in Table 3 is the assumption upon which the Pressure Range commitments established in Table 2 have been devised. Should Customer deviate from these assumptions at any meter(s), the Board may be unable to meet the stated Pressure Range commitments in this Contract or in the contract of another customer of the Board and Section 5.08 of this Contract may be invoked.

EXHIBIT B

Table 1
 Projected Annual Volume and Minimum Annual Volume

Fiscal Year Ending June 30	Projected Annual Volume (mcf)	Minimum Annual Volume (mcf)
2009	325,000	162,500
2010	325,000	162,500
2011	<i>325,000</i>	<i>162,500</i>
2012	<i>325,000</i>	<i>162,500</i>
2013	<i>325,000</i>	<i>162,500</i>
2014	<i>325,000</i>	<i>162,500</i>
2015	<i>325,000</i>	<i>162,500</i>
2016	<i>325,000</i>	<i>162,500</i>
2017	<i>325,000</i>	<i>162,500</i>
2018	<i>325,000</i>	<i>162,500</i>
2019	<i>325,000</i>	<i>162,500</i>
2020	<i>325,000</i>	<i>162,500</i>
2021	<i>325,000</i>	<i>162,500</i>
2022	<i>325,000</i>	<i>162,500</i>
2023	<i>325,000</i>	<i>162,500</i>
2024	<i>325,000</i>	<i>162,500</i>
2025	<i>325,000</i>	<i>162,500</i>
2026	<i>325,000</i>	<i>162,500</i>
2027	<i>325,000</i>	<i>162,500</i>
2028	<i>325,000</i>	<i>162,500</i>
2029	<i>325,000</i>	<i>162,500</i>
2030	<i>325,000</i>	<i>162,500</i>
2031	<i>325,000</i>	<i>162,500</i>
2032	<i>325,000</i>	<i>162,500</i>
2033	<i>325,000</i>	<i>162,500</i>
2034	<i>325,000</i>	<i>162,500</i>
2035	<i>325,000</i>	<i>162,500</i>
2036	<i>325,000</i>	<i>162,500</i>
2037	<i>325,000</i>	<i>162,500</i>
2038	<i>325,000</i>	<i>162,500</i>

EXHIBIT B

Table 2
Pressure Range and Maximum Flow Rate

Calendar Year	Pressure Range (psi)		Pressure Range (psi)		Pressure Range (psi)		Pressure Range (psi)		Pressure Range (psi)		Maximum Flow Rate (mgd)	
	Meter NV-01		Meter NV-02		Meter NV-03		Meter NV-04		Meter NV-05		Max Day	Peak Hour
	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max		
2009	54	82	52	79	55	82	81	109	72	100	18.57	34.53
2010	54	82	52	79	55	82	81	109	72	100	18.57	34.53
2011	54	82	52	79	55	82	81	109	72	100	18.57	34.53
2012	54	82	52	79	55	82	81	109	72	100	18.57	34.53
2013	54	82	52	79	55	82	81	109	72	100	18.57	34.53
2014	54	82	52	79	55	82	81	109	72	100	18.57	34.53
2015	54	82	52	79	55	82	81	109	72	100	18.57	34.53
2016	54	82	52	79	55	82	81	109	72	100	18.57	34.53
2017	54	82	52	79	55	82	81	109	72	100	18.57	34.53
2018	54	82	52	79	55	82	81	109	72	100	18.57	34.53
2019	54	82	52	79	55	82	81	109	72	100	18.57	34.53
2020	54	82	52	79	55	82	81	109	72	100	18.57	34.53
2021	54	82	52	79	55	82	81	109	72	100	18.57	34.53
2022	54	82	52	79	55	82	81	109	72	100	18.57	34.53
2023	54	82	52	79	55	82	81	109	72	100	18.57	34.53
2024	54	82	52	79	55	82	81	109	72	100	18.57	34.53
2025	54	82	52	79	55	82	81	109	72	100	18.57	34.53
2026	54	82	52	79	55	82	81	109	72	100	18.57	34.53
2027	54	82	52	79	55	82	81	109	72	100	18.57	34.53
2028	54	82	52	79	55	82	81	109	72	100	18.57	34.53
2029	54	82	52	79	55	82	81	109	72	100	18.57	34.53
2030	54	82	52	79	55	82	81	109	72	100	18.57	34.53
2031	54	82	52	79	55	82	81	109	72	100	18.57	34.53
2032	54	82	52	79	55	82	81	109	72	100	18.57	34.53
2033	54	82	52	79	55	82	81	109	72	100	18.57	34.53
2034	54	82	52	79	55	82	81	109	72	100	18.57	34.53
2035	54	82	52	79	55	82	81	109	72	100	18.57	34.53
2036	54	82	52	79	55	82	81	109	72	100	18.57	34.53
2037	54	82	52	79	55	82	81	109	72	100	18.57	34.53
2038	54	82	52	79	55	82	81	109	72	100	18.57	34.53

EXHIBIT B

Table 3
Flow Split Assumptions

Meter	Assumed Flow Split (2009-2010)
NV-01	0 – 10%
NV-02	0 – 10%
NV-03	0 – 15%
NV-04	45 – 65%
NV-05	25 – 40%

Table 4
Addresses for Notice

If to the Board:	If to Customer:
Director Detroit Water and Sewerage Department 735 Randolph Detroit, Michigan 48226	City Clerk City of Novi 45175 West Ten Mile Road Novi, Michigan 48375 Cc: DPW Director 26300 Dewal Novi, Michigan 48375