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# CITY of NOVI CITY COUNCIL

**Agenda Item K**  
**June 15, 2009**

**SUBJECT: Approval of Proposed Water & Sewer Rate Resolutions for 2009-2010**

**SUBMITTING DEPARTMENT:** Finance/Water & Sewer

**CITY MANAGER APPROVAL:** 

**BACKGROUND INFORMATION:**

The City of Novi purchases treated water and sewer services from outside sources. The attached rate schedules incorporate the pass-through increase amount from Detroit Water & Sewer Department (DWSD) of approximately 3% for water and approximately 6.7% from the prior year on the Oakland County Drain rate for the Huron Rouge Sewage Disposal System. The rate for the Novi-Walled Lake Sewer System remained the same from last year. While we are seeing a slight increase to the water rate, this is a lower increase pursuant to the approval of the Water Service Contract with DWSD. 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). The water and sewer rate increase to the customer for 2009-10 fiscal year will range from approximately 2.5%-6.5%. The water equipment rates, inspection fees and miscellaneous charges have been adjusted based on our current contract for water installation fees and the current cost of our equipment (a 15% administrative fee has been added to the cost as well as a charge for sod restoration). We are recommending if there are any "look-back" sewer charge adjustments from the Detroit Water & Sewerage Department that this would be absorbed by the Water & Sewer Fund the same as was done in the prior years.

Attached for your consideration is the following information:

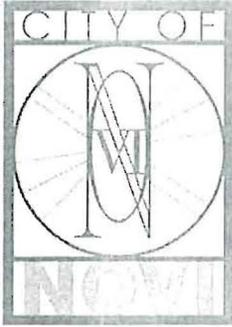
- Water & Sewer Rate Resolutions
- City of Novi Water & Sewer Rate Example
- Water Rate History
- Huron Rouge Metered Sewer Rate History
- Huron Rouge Unmetered Sewer Rate History
- Novi-Walled Lake Arm Sewer Rate History

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

**RECOMMENDED ACTION: Approval of Proposed Water & Sewer Rate Resolutions for 2009-2010**

	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				



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# CITY OF NOVI

45175 W Ten Mile Road  
Novi, Michigan 48375-3024

## RESOLUTION WATER RATES

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

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

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

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

NOW, THEREFORE BE IT RESOLVED that the following rates shall be implemented as the rates of the Water Supply System pursuant to Section 34-19 for all bills rendered after August 1, 2009.

### WATER RATES Minimum Rate Schedule

<u>Meter Size</u>	<u>Consumption</u>	<u>Minimum Rate per Quarter</u>
5/8"	1st 7,000 gallons	\$ 42.00
1"	1st 15,000 gallons	73.00
1 1/2"	1st 20,000 gallons	93.00
2"	1st 30,000 gallons	133.00
3"	1st 50,000 gallons	215.00
4"	1st 60,000 gallons	255.00
6" or larger	1st 90,000 gallons	377.00

**\$4.06 per Thousand Gallons over Minimum**

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

**EQUIPMENT FEES**

<u>Service Size</u>	<u>Meter Size</u>	<u>Public Street Plastic</u>	<u>Private Street Plastic</u>	<u>Public Street Copper</u>	<u>Private Street Copper</u>
1"	5/8"	\$1,455	\$1,145	\$1,685	\$ 1,300
1"	1"	\$1,595	\$1,280	\$1,825	\$1,435
1 ½"	1"	\$2,570	\$1,710	\$2,625	\$1,820
1 ½"	1 ½"	\$2,800	\$1,935	\$2,855	\$2,050
2"	1 ½"	\$3,200	\$2,400	\$3,435	\$2,515
2"	2"	\$3,395	\$2,590	\$3,625	\$2,700

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

<u>SERVICE SIZE</u>	<u>FEE/PER RIGHT OF WAY FOOT</u>	
	Plastic	Copper
1"	\$ 12.00	\$17.00
1 ½"	\$ 14.00	\$18.00
2"	\$ 16.00	\$21.00

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

**METERING EQUIPMENT FEES**

<u>SIZE</u>	<u>METER</u>	<u>METER HORN</u>	<u>FLANGES</u>	<u>STRAINER</u>	<u>RADIO REMOTES</u>
5/8"	\$ 109	\$ 39	N/A	N/A	\$86
1"	218	69	N/A	N/A	86
1 ½"	446	N/A	71	N/A	86
2"	620	N/A	89	N/A	86
3" (Compound)	2,238	N/A	92	579	86
4" (Compound)	3,153	N/A	134	776	86

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

**MISCELLANEOUS CHARGES**

Miscellaneous Inspection Fee	\$ 90
Turn-off or Turn-on Service (regular hours)	90
Turn-off or Turn-on Service (Saturdays or Evenings)	175
Turn-off or Turn-on Service (Sundays or Holidays)	250
Water Meter Test	85
Unmetered Water – Single Family Residential Construction	105
Unmetered Water – Non-Single Family Residential Construction	365
Permits to Use Fire Hydrant Fees:	
Backflow Preventer & Meter Deposit: 1" meter	400
Backflow Preventer & Meter Deposit: 2" meter	800
Backflow Preventer & Meter Deposit: 3" meter	1200
Hydrant Deposit	200
Permit Fee	60
Inspection Fee	60
Rental Fee	\$3.00/per day, \$20/per month

**WATER TAP FEES**

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

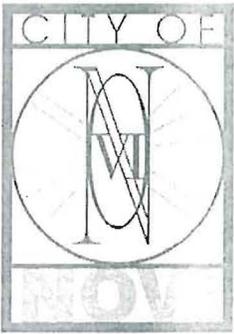
**SPECIAL RATES**

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

**CERTIFICATION**

I HEREBY CERTIFY that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Novi at a regular meeting held the 15th day of June 2009.

By: Maryanne Cornelius  
Its: City Clerk



cityofnovi.org

# CITY OF NOVI

45175 W Ten Mile Road  
Novi, Michigan 48375-3024

## RESOLUTION Huron-Rouge Sewer Rates

WHEREAS, the City of Novi through the Code of Ordinance, Section 34-145 has established that the rates established are to be sufficient to provide for the payment of the expenses of administration and operation and such expenses for the maintenance of the system as are necessary to preserve the same in good repair and working order, to provide for the payment of the sewage disposal charge required to be paid to the county, to provide for the payment of the annual payments required to be made to the county in connection with the Huron-Rouge System, to provide for the payment and interest as required by the contract with the county, and to provide for the payment of such other expenditures and funds for the system as this division may require. Such rates shall be fixed and revised from time to time as may be necessary to produce these amounts.

WHEREAS, Oakland County has notified the City of Novi that their charge to us for sewage disposal has been increased for 2009-2010,

WHEREAS, the cost to finance said system demonstrates that the sewer rates will be increasing,

NOW, THEREFORE BE IT RESOLVED, that the following rates shall be implemented as the rates of the sewer system pursuant to Section 34-145 for all bills rendered after August 1, 2009.

### BASE SEWER RATES

\$2.67 per thousand gallons for metered consumption, and  
\$88.76 per quarter/per tap unit for un-metered consumption

### INSPECTION FEE

Sewer Inspection Fee.....\$90.00

### High Strength Pollutants (HSP) and for Industrial Waste Control (IWC)

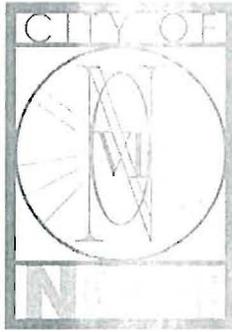
WHEREAS, the pass-through surcharges from the Detroit Water and Sewer Department for High Strength Pollutants (HSP) and for Industrial Waste Control (IWC) which are regulated by the Clean Water Act and may change every year.

NOW, THEREFORE BE IT RESOLVED, the City of Novi will collect the HSP and IWC as determined by the Detroit Water and Sewer Department.

### CERTIFICATION

I HEREBY CERTIFY that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Novi at a regular meeting held the 15<sup>th</sup> day of June 2009.

By: Maryanne Cornelius  
Its: City Clerk



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## **CITY OF NOVI**

45175 Ten Mile Road  
Novi, Michigan 48375-3024

### **RESOLUTION**

#### **Novi-Walled Lake Sewer System**

**WHEREAS**, the Oakland County Drain Commission (OCDC) operates the Novi-Walled Lake Treatment Plant for the Cities of Novi and Walled Lake; and

**WHEREAS**, certain rates must reflect actual costs of providing services.

#### **USAGE FEE**

**NOW, THEREFORE BE IT RESOLVED**, that the new rate to the user of this system is established at \$76.61 per unit per quarter for all bills rendered after August 1, 2009.

#### **SEWER INSPECTION FEE**

**WHEREAS**, OCDC operates and maintains the Novi-Walled Lake Treatment Plant, and all sewer infrastructures for effluent to the plant.

**NOW, THEREFORE BE IT RESOLVED**, the City of Novi will collect the pass-through OCDC sewer inspection fee as determined by the OCDC.

#### **INDUSTRIAL PRETREATMENT PROGRAM (IPP)**

**WHEREAS**, the pass-through IPP surcharges from OCDC are regulated by the Clean Water Act and change every year.

**NOW, THEREFORE BE IT RESOLVED**, the City of Novi will collect the IPP surcharge as determined by the OCDC.

#### **CERTIFICATION**

I HEREBY CERTIFY that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Novi at a regular meeting held the 15th day of June 2009.

By: Maryanne Cornelius  
Its: City Clerk

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

	<u>2008-2009</u>	<u>2009-2010</u>	<u>Increase</u>
<b>Quarterly:</b>			
<i>Water</i>			
1st 7,000 gallons	\$ 41.00	\$ 42.00	\$ 1.00
23,000 gallons	90.85	93.38	2.53
<i>Sewer</i>			
	75.30	80.10	4.80
	<u>\$ 207.15</u>	<u>\$ 215.48</u>	<u>\$ 8.33</u>
<b>Annually</b>	\$ 828.60	\$ 861.92	\$ 33.32 4.02%

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

**City of Novi**  
**Water Rates Schedule**

**Water Rates Per Thousand Gallons Over Minimum**

2008-2009	2009-2010	DWSD %	2008-2009	2009-2010
<u>DWSD to Novi</u>	<u>DWSD to Novi</u>	<u>Increase</u>	<u>Novi to Customer</u>	<u>Novi to Customer</u>
\$ 3.360	\$ 3.460	2.976%	\$ 3.950	\$ 4.060

Meter Size	Consumption	1,000 Gallons	Maintenance Fee	2009-2010 Minimum Rate	% Change
5/8"	7,000	\$ 28.42	\$ 11.60	42.00	2.44%
1"	15,000	60.90	11.60	73.00	2.82%
1 1/2"	20,000	81.20	11.60	93.00	2.20%
2"	30,000	121.80	11.60	133.00	2.31%
3"	50,000	203.00	11.60	215.00	2.87%
4"	60,000	243.60	11.60	255.00	2.41%
6"	90,000	365.40	11.60	377.00	2.72%

**City of Novi**  
**Sewer Rates Schedule**

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

2008-2009	2009-2010	OCDC %	2008-2009	2009-2010
<u>OCDC to Novi</u>	<u>OCDC to Novi</u>	<u>Increase</u>	<u>Novi to Customer</u>	<u>Novi to Customer</u>
\$ 1.910	\$ 2.040	6.57%	\$ 2.51	\$ 2.67

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

2008-2009	2009-2010	OCDC %	2008-2009	2009-2010
<u>OCDC to Novi</u>	<u>OCDC to Novi</u>	<u>Increase</u>	<u>Novi to Customer</u>	<u>Novi to Customer</u>
\$ 71.55	\$ 76.25	6.57%	\$ 83.28	\$ 88.76

**City of Novi - Water Rates:**

Year	DWSD to Novi per/MCF	DWSD to Novi per/1000 gals.	% of Increase	Effective Date	Novi to Customer per/MCF	Novi to Customer per/1,000 gals.	% of Increase	Effective Date	% INCREASE OVER WHOLESALE
92-93	\$9.51	\$1.271	9.815%	07/01/92	\$11.171	\$1.490	34.234%	04/01/92	17.20%
93-94	\$9.51	\$1.271	0.000%	07/01/93	\$11.171	\$1.490	0.000%	04/01/92	17.20%
94-95	\$10.20	\$1.364	7.256%	07/01/94	\$11.171	\$1.490	0.000%	04/01/92	9.27%
95-96	\$10.51	\$1.405	3.039%	07/01/95	\$11.171	\$1.490	0.000%	04/01/92	6.05%
96-97	\$10.62	\$1.420	1.047%	07/01/97	\$12.296	\$1.640	10.067%	04/01/92	15.52%
97-98	\$11.06	\$1.479	4.143%	07/01/97	\$13.495	\$1.800	9.756%	08/01/97	21.74%
98-99	\$11.82	\$1.580	6.872%	07/01/98	\$13.945	\$1.860	3.333%	07/01/98	17.71%
99-00	\$12.15	\$1.624	2.792%	07/01/99		no increase			14.52%
00-01	\$12.43	\$1.662	2.305%	07/01/00	\$14.245	\$1.900	2.151%	08/01/00	14.34%
01-02	\$14.13	\$1.889	13.677%	07/01/01	\$16.194	\$2.160	13.684%	08/01/01	14.35%
02-03	\$16.19	\$2.164	14.579%	07/01/02	\$18.593	\$2.480	14.815%	08/01/02	14.59%
03-04	\$16.66	\$2.227	2.903%	07/01/03	\$19.118	\$2.550	2.823%	08/01/03	14.50%
04-05	\$16.97	\$2.269	1.861%	07/01/04	\$19.493	\$2.600	1.961%	08/01/04	14.61%
05-06	\$18.11	\$2.421	6.718%	07/01/05	\$20.843	\$2.780	6.923%	08/01/05	14.83%
06-07	\$18.86	\$2.521	4.141%	07/01/06	\$22.042	\$2.940	5.755%	08/01/06	16.61%
07-08	\$20.31	\$2.715	7.688%	07/01/07	\$23.683	\$3.170	7.823%	08/01/07	16.76%
08-09	\$25.14	\$3.361	23.781%	09/03/08	\$29.567	\$3.950	24.606%	09/01/08	17.53%
09-10	\$25.88	\$3.460	2.944%	07/01/09	\$30.179	\$4.060	2.785%	07/01/09	17.35%

Sewer Rate History

City of Novi - Huron Rouge metered rates:									% INCREASE OVER WHOLESALE
Year	OCDC to Novi		% of Increase	Effective Date	Novi to Customer		% of Increase	Effective Date	
	per/1000 cu. ft.	per/1000 gals.			per/1000 cu. ft.	per/1000 gals.			
97-98	\$7.23	\$0.970	5.435%	07/01/97	\$8.98	\$1.20	5.263%	08/01/97	<b>23.71%</b>
98-99	\$8.49	\$1.130	16.495%		\$10.32	\$1.38	15.000%	07/01/98	<b>22.12%</b>
99-00	\$9.31	\$1.245	10.177%	07/01/99	\$10.77	\$1.44	4.348%	08/01/99	<b>15.66%</b>
00-01	\$8.91	\$1.188	-4.578%	07/01/00	no increase				<b>21.21%</b>
01-02	\$9.15	\$1.220	2.694%	07/01/01	\$11.07	\$1.48	2.778%	08/01/01	<b>21.31%</b>
02-03	\$10.85	\$1.451	18.896%	07/01/02	\$13.09	\$1.75	18.243%	08/01/02	<b>20.65%</b>
03-04	\$11.99	\$1.603	10.507%	07/01/03	\$14.44	\$1.93	10.286%	08/01/03	<b>20.40%</b>
04-05	\$13.20	\$1.765	10.092%	07/01/04	\$15.71	\$2.10	8.808%	08/01/04	<b>19.00%</b>
05-06	\$12.43	\$1.662	-5.833%	07/01/05	\$15.33	\$2.05	-2.381%	08/01/05	<b>23.36%</b>
06-07	\$13.23	\$1.769	6.436%	07/01/06	\$16.55	\$2.21	7.900%	08/01/06	<b>25.06%</b>
07-08	\$13.23	\$1.769	0.000%	07/01/07	\$17.35	\$2.32	4.885%	08/01/07	<b>31.17%</b>
08-09	\$14.31	\$1.913	8.170%	07/01/08	\$18.77	\$2.51	8.171%	08/01/08	<b>31.17%</b>
09-10	\$15.25	\$2.039	6.562%	07/01/09	\$20.00	\$2.67	6.562%	08/01/09	<b>31.17%</b>

City of Novi Unmetered Huron Rouge Sanitary Rates							% INCREASE OVER WHOLESALE
Year	OCDC to Novi	% of Increase	Effective Date	Novi to Customer	% of Increase	Effective Date	
97-98	\$36.15	4.631%		\$44.16	3.298%	08/01/97	<b>22.16%</b>
98-99	\$42.45	17.427%		\$50.78	14.991%	07/01/98	<b>19.62%</b>
99-00	\$46.55	9.658%	07/01/99	\$52.99	4.352%	08/01/99	<b>13.83%</b>
00-01	\$44.55	-4.296%	07/01/00	no increase			
01-02	\$45.75	2.694%	07/01/01	\$54.00	1.906%	08/01/01	<b>18.03%</b>
02-03	\$54.25	18.579%	07/01/02	\$65.00	20.370%	08/01/02	<b>19.82%</b>
03-04	\$59.95	10.511%	07/01/03	\$71.00	9.231%	08/01/03	<b>18.43%</b>
04-05	\$66.00	10.088%	07/01/04	\$78.00	9.859%	08/01/04	<b>18.18%</b>
05-06	\$62.15	-5.833%	07/01/05	\$74.00	-5.128%	08/01/05	<b>19.07%</b>
06-07	\$66.15	6.436%	07/01/06	\$77.00	4.054%	08/01/06	<b>16.40%</b>
07-08	\$66.15	0.000%	07/01/07	\$77.00	0.000%	08/02/07	<b>16.40%</b>
08-09	\$71.55	8.163%	07/01/08	\$83.28	8.161%	08/02/08	<b>16.40%</b>
09-10	\$76.25	6.569%	07/01/09	\$88.76	6.569%	08/01/09	<b>16.40%</b>

City of Novi - Walled Lake Arm Sewer Rate:							% INCREASE OVER WHOLESALE
Year	OCDC to Novi	% of Increase	Effective Date	Novi to Customer	% of Increase	Effective Date	
97-98	\$38.00	-6.289%		\$43.90	-3.939%	08/01/97	
98-99	\$36.10	-5.000%		\$42.41	-3.394%	07/01/98	
99-00	no increase			no increase			
00-01	no increase			no increase			
01-02	\$40.40	11.911%		no increase			
02-03	\$45.40	12.376%		\$52.00	22.613%	08/01/02	<b>14.54%</b>
03-04	\$49.60	9.251%		\$58.00	11.538%	08/01/03	<b>16.94%</b>
04-05	\$49.60	0.000%		\$58.00	0.000%	08/01/04	<b>16.94%</b>
05-06	\$53.75	8.367%		\$62.80	8.276%	08/01/05	<b>16.84%</b>
06-07	\$57.25	6.512%		\$67.10	6.847%	08/01/06	<b>17.21%</b>
07-08	\$58.75	2.620%		\$67.56	0.686%	08/01/07	<b>15.00%</b>
08-09	\$66.62	13.396%		\$76.61	13.400%	08/01/08	<b>15.00%</b>
09-10	\$66.62	0.000%		\$76.61	0.000%	08/01/09	<b>15.00%</b>