



## CITY OF NOVI CITY COUNCIL JULY 28, 2025

**SUBJECT:** Approval of Proposed Water & Sewer Rate Resolutions for 2025-2026

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

**KEY HIGHLIGHTS:**

- Proposed water variable rate increase of 8% and proposed sewer variable rate increase of 6%
- Average user will see only a 4.7% increase in their total water and sewer bill

**BACKGROUND INFORMATION:**

The Finance Department has analyzed the water and sewer rates for fiscal year 2025-2026. During the review staff look at both operating and capital costs of the system. The largest impact to the City's operating costs of the water and sewer systems are changes in rates by our service providers (Great Lake Water Authority, or "GLWA," and Oakland County Water Resource Commissioner, or "WRC"). GLWA charges the City a fixed fee and variable fee, whereas WRC charges only a fixed fee.

Other operating costs include salaries and fringes, equipment, maintenance, and cleaning costs, which are estimated to increase by inflation. Over the last decade efficiencies in operations and the water storage facility have allowed the City to absorb increases for customers, as compared to the increases in costs to the City.

The table below shows the increases in costs to the City from GLWA and WRC as well as the City's increases or decreases in rates going back 10 years. Over the past 8 years, the average user has not seen an increase in their water and sewer bills greater than 5% while the City has seen significant increases (including double digits on the sewer side). In addition, GLWA's local communities were not seeing increases greater than 4% for a few years, however; inflation and their capital investment resulted in a 6.3% increase in water rates for Novi in fiscal year 2026.

	RATE INCREASES/DECREASES										Proposed
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
GLWA	7.2%	-23.9%	8.7%	-0.2%	-0.6%	1.9%	2.0%	2.7%	5.9%	2.4%	6.3%
WRC	3.8%	2.8%	0.6%	1.3%	21.3%	15.5%	1.1%	3.3%	5.1%	7.0%	4.2%
City Water	12%	-16%	0%	2%	2%	2.0%	1.0%	2.5%	6.0%	6.0%	8.0%
City Sewer	4%	6%	0%	8%	3%	7.0%	1.0%	5.0%	6.25%	9.0%	6.0%
Typical User - Combined	8%	-8%	0.0%	3.2%	1.6%	2.8%	0.6%	2.5%	4.0%	5.0%	4.7%

In addition to the rising costs of service providers, the City has undergone significant capital projects over the last five years. The projects have been paid directly by the fund's cash reserves. No debt was incurred, and therefore no interest expense was paid, on all except the WRC Interceptor (WRC bounded 1/3 of the ~18M total). These significant projects cost ~\$51.7M and are listed below:

▪ 8 Mile Equalization basin	\$10.1 Million
▪ 9 Mile Gravity Relief Sewer	\$11.35 Million
▪ WRC Interceptor HRSDS	\$6.0 Million
▪ AMI Metered Water System	\$3.79 Million
▪ DPW Building	\$3.04 Million
▪ Sanitary sewer and manhole rehab	\$2.66 Million
▪ Howell Walled Lake Sanitary Sewer	\$2.58 Million
▪ Walled Lake District Sanitary Sewer	\$2.43 Million
▪ Vactor Station and DPW Parking Lot	\$1.84 Million
▪ Lanny/Drakes Lift Station Upgrade	\$1.06 Million
▪ I-96 Sanitary Sewer Cross	\$1.02 Million
▪ Westminster Sub Water Main	\$976,000
▪ Sanitary Sewer Force Main Replace	\$960,000
▪ Grand River Sanitary Sewer	\$590,000
▪ Vactor (sewer cleaner)	\$482,000
▪ Garfield Pump Station	\$471,000
▪ PCCP Water Main Inspection	\$437,000
▪ 10 Mile Loop Connection	\$402,000
▪ 14 Mile Watermain Transmission	\$392,000
▪ Valve/Gate Well Replace 13 Mile	\$307,000
▪ Flint/Bond Street Water Main	\$268,000
▪ Cranbrook Water Main Replace	\$215,000
▪ Water Main Loop Connection -SW	\$210,000
▪ Sanitary Lift Station Access	\$136,000

The City's current cash and investments balance in the Water and Sewer Fund is:

June 30, 2025, cash and investments	\$15M
FY 2025 remaining budgeted capital projects to take place in FY 2026	(\$10.7M)
FY 26 budgeted use of fund balance (includes \$2.7 million of capital projects)	<u>(\$1.1M)</u>
<b>Estimated cash balance June 30, 2026</b>	<b>\$3.2M</b>

Given the significant investment in the system and the low rate increases over the past ten years, staff recommends gradually recuperating the City's cash reserve balance. In an effort to increase cash reserves now, the DPW Department has recommended the FY 2025 asbestos/cement water main project be postponed saving the fund \$2.7M and FY 27 and 28 be reduced from \$2.5M to \$1.5M per year.

The proposed water variable rate increase of 8% and the proposed sewer variable rate increase of 6% below is estimated to generate \$2.6 million in cash which covers the majority of the budgeted \$2.7 million in capital outlay. The average user will see only a 4.7% increase in their total water and sewer bill.

**RECOMMENDED ACTION:** Approval of Proposed Water & Sewer Rate Resolutions for 2025-2026

**Example of Water and Sewer charges using Huron Rouge Metered Rate**

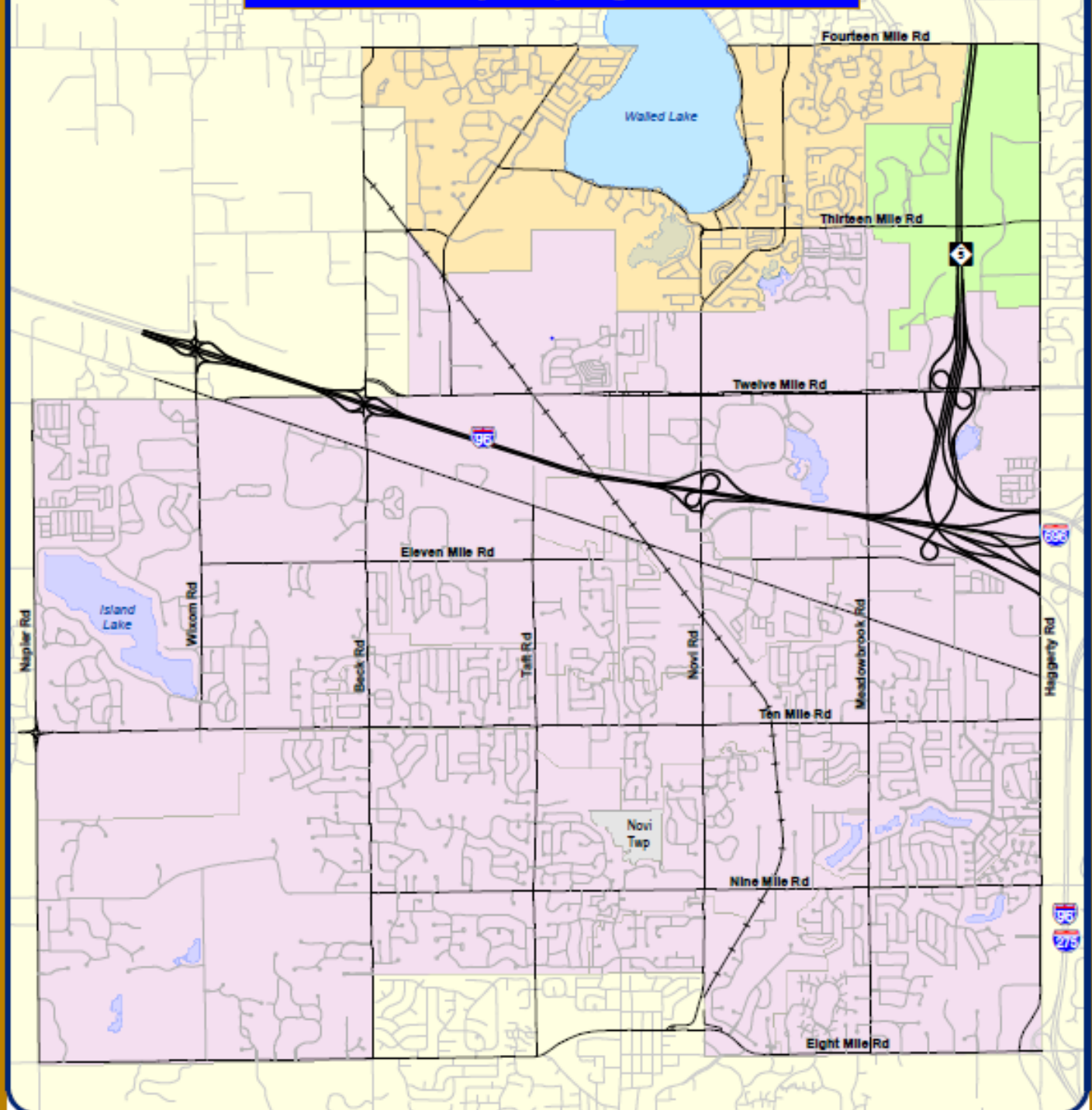
	<u>2024-2025</u>	<u>2025-2026</u>	<u>Increase</u>
<b>Quarterly:</b>			
Water			
Fixed rate	\$ 56.00	\$ 56.00	
20,000 gallons	\$ 79.00	\$ 85.32	
Sewer			
Fixed rate	\$ 30.00	\$ 30.00	
20,000 gallons	\$ 102.80	\$ 108.97	
<b>Quarterly</b>	<u>\$ 267.80</u>	<u>\$ 280.29</u>	\$ 12.49
<b>Annually</b>	\$ 1,071.20	\$ 1,121.15	\$ 49.95
Estimated increase			4.7%

**Note:**

Example of Water and Sewer Charges using Huron Rouge Metered Rate  
Department and Oakland County Water Resource Commission.

# Sanitary Service Districts

City of Novi, Michigan



Map Author: Karl Blough  
 Date: July 18, 2019  
 Project: Sanitary Service Districts  
 Version #: 1.0

## MAP INTERPRETATION NOTICE

Map information depicted is not intended to replace or substitute for any official or primary source. This map was intended to meet National Map Accuracy Standards and use the most recent, accurate source available to the people of the City of Novi. Please contact the City GIS Manager to confirm source and accuracy information related to this map.

## Sanitary Service District

- Commerce Township
- Huron-Rouge
- Walled Lake



## City of Novi

Engineering Division  
 Department of Public Works  
 26300 Lee BeGale Drive  
 Novi, MI 48375  
[cityofnovi.org](http://cityofnovi.org)

Scale  
 0 875 1,750 3,500 5,250  
 Feet  
 1 inch = 4,354 feet



**CITY OF NOVI**  
**COUNTY OF OAKLAND, MICHIGAN**

**WATER RATES RESOLUTION**

Minutes of a Meeting of the City Council of the City of Novi, County of Oakland, Michigan, held in the City Hall of said City on July 28, 2025, at 7 o'clock P.M. Prevailing Eastern Time.

PRESENT: Councilmembers\_\_\_\_\_

ABSENT: Councilmembers\_\_\_\_\_

The following preamble and Resolution were offered by Councilmember \_\_\_\_\_ and supported by Councilmember \_\_\_\_\_.

**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 the costs of usage and consumption; and

**WHEREAS;** Certain rates must cover the costs related to administration, construction, maintenance and replacements to the system; and,

**WHEREAS;** The cost to finance said system demonstrates a need to increase the water rates.

**NOW THEREFORE, IT IS THEREFORE 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, 2025.

WATER RATES	
<b>Minimum (Fixed) Rate Schedule:</b>	
<u>Meter Size</u>	<u>Minimum Rate per Quarter</u>
5/8"	\$ 56.00
1"	80.00
1.5"	174.00
2"	232.00
3"	665.00
4"	850.00
6"	1,778.00
8"	2,114.00
10"	2,425.00
<b><u>Consumption Rate:</u> \$4.27 per Thousand Gallons</b>	

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

**EQUIPMENT FEES**

<u>Service Size</u>	<u>Meter Size</u>	<u>Public Street</u>	<u>Private Street</u>
		<u>Copper</u>	<u>Copper</u>
1"	5/8"	\$3,059	\$2,255
1"	1"	\$3,217	\$2,410
1.5"	1"	\$4,538	\$3,388
1.5"	1.5"	\$4,808	\$3,655
2"	1.5"	\$6,765	\$4,465
2"	2"	\$6,955	\$4,655

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>
	<u>COPPER</u>
1"	\$31.00
1.5"	\$35.00
2"	\$40.00

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**

<b><u>SIZE</u></b>	<b><u>METER</u></b>	<b><u>METER HORN</u></b>	<b><u>FLANGES</u></b>	<b><u>STRAINER</u></b>	<b><u>RADIO REMOTE</u></b>
5/8"	\$ 117	\$ 67	N/A	N/A	\$ 104
1"	\$ 220	\$ 121	N/A	N/A	\$ 104
1.5"	\$ 449	N/A	\$ 157	N/A	\$ 104
2"	\$ 597	N/A	\$ 205	N/A	\$ 104
3" (Compound)	\$ 2,524	N/A	\$ 587	\$ 815	\$ 104
4" (Compound)	\$ 3,436	N/A	\$ 814	\$ 1,084	\$ 104
6" (Compound)	\$ 5,191	N/A	\$ 1,307	\$ 2,112	\$ 104

8" 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	\$ 500
Backflow Preventer & Meter Deposit: 2" meter	\$ 1900
Backflow Preventer & Meter Deposit: 3" meter	\$ 1900
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 Eight Hundred Fifty 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.



**AYES:**

**NAYS:**

RESOLUTION DECLARED ADOPTED.

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Cortney Hanson, City Clerk

**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, County of Oakland, and State of Michigan, at a regular meeting held this 28th day of July, 2025, and that public notice of said meeting was given pursuant to and in full compliance with Act No. 267, Public Acts of Michigan, 1976, and that the minutes of said meeting have been kept and made available to the public as required by said Act.

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Cortney Hanson, City Clerk  
City of Novi

**CITY OF NOVI**  
**COUNTY OF OAKLAND, MICHIGAN**

**HURON-ROUGE SEWER RATES RESOLUTION**

Minutes of a Meeting of the City Council of the City of Novi, County of Oakland, Michigan, held in the City Hall of said City on July 28, 2025, at 7 o'clock P.M. Prevailing Eastern Time.

PRESENT: Councilmembers\_\_\_\_\_

ABSENT: Councilmembers\_\_\_\_\_

The following preamble and Resolution were offered by Councilmember \_\_\_\_\_ and supported by Councilmember \_\_\_\_\_.

**WHEREAS;** the City of Novi through the Code of Ordinance, Section 34-145 has established that the rates 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 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 increased for 2025-2026,

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

**NOW THEREFORE, IT IS THEREFORE 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, 2025.

<b>Base Sewer Rates</b>			
<u>Minimum (Fixed) Rate Schedule</u>			
<u>Meter Size</u>		<u>Minimum Rate Per Quarter</u>	
5/8"		\$30.00	
1"		50.00	
1.5"		85.00	
2"		105.00	
3"		320.00	
4"		410.00	
6"		850.00	
8" or larger		995.00	

**\$5.45** per thousand gallons for metered consumption, and  
**\$139.06** 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 Great Lakes Water Authority 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, IT IS THEREFORE RESOLVED** that the City of Novi will collect the HSP and IWC surcharges as determined by the Great Lakes Water Authority.

### **SEWER TAP FEES**

For the privilege of tapping into the Sanitary Sewer System, there shall be a charge of Two Thousand Seven Hundred Twenty Dollars (\$2,720.00), multiplied by the unit factor set forth in the Unit Factor Chart as adopted by the City Council.

**AYES:**

**NAYS:**

RESOLUTION DECLARED ADOPTED.

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Cortney Hanson, City Clerk

### **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, County of Oakland, and State of Michigan, at a regular meeting held this 28th day of July, 2025, and that public notice of said meeting was given pursuant to and in full compliance with Act No. 267, Public Acts of Michigan, 1976, and that the minutes of said meeting have been kept and made available to the public as required by said Act.

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Cortney Hanson, City Clerk  
City of Novi

**CITY OF NOVI**  
**COUNTY OF OAKLAND, MICHIGAN**

**NOVI-WALLED LAKE SEWER SYSTEM RESOLUTION**

Minutes of a Meeting of the City Council of the City of Novi, County of Oakland, Michigan, held in the City Hall of said City on July 28, 2025, at 7 o'clock P.M. Prevailing Eastern Time.

PRESENT: Councilmembers\_\_\_\_\_

ABSENT: Councilmembers\_\_\_\_\_

The following preamble and Resolution were offered by Councilmember \_\_\_\_\_ and supported by Councilmember \_\_\_\_\_.

**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 the costs of providing services;

**USAGE FEE**

**NOW THEREFORE, IT IS THEREFORE RESOLVED** that the new rate to the user of this system is established at \$126.73 per unit per quarter for all bills rendered after August 1, 2025.

**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, IT IS THEREFORE RESOLVED** That 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, IT IS THEREFORE RESOLVED** that the City of Novi will collect the IPP surcharge as determined by the OCDC.

**AYES:**

**NAYS:**

RESOLUTION DECLARED ADOPTED.

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Cortney Hanson, City Clerk

**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, County of Oakland, and State of Michigan, at a regular meeting held this 28th day of July, 2025, and that public notice of said meeting was given pursuant to and in full compliance with Act No. 267, Public Acts of Michigan, 1976, and that the minutes of said meeting have been kept and made available to the public as required by said Act.

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Cortney Hanson, City Clerk  
City of Novi