



# CITY of NOVI CITY COUNCIL

**Agenda Item 3  
June 9, 2008**

**SUBJECT:** Approval of Proposed Sewer Rate Resolutions for 2008-2009 for Huron Rouge Disposal System and Novi-Walled Lake Sewer System.

**SUBMITTING DEPARTMENT:** Finance

**CITY MANAGER APPROVAL:**

The City of Novi purchases treated sewer services primarily from Oakland County Drain Commission (OCDC). The attached rate schedules incorporate the pass-through increase of 8.163% and 13.396% from the prior year on the Oakland County Drain rate for the metered/unmetered Huron Rouge Sewage Disposal System and the Novi-Walled Lake Sewer System, respectively. 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:

- Sewer Rate Resolutions:
  - a) Resolution for Huron-Rouge Sewer Rates (metered and unmetered)
  - b) Resolution for Novi-Walled Lake Sewer System
- Huron Rouge Metered Sewer Rate History
- Huron Rouge Unmetered Sewer Rate History
- Novi-Walled Lake Arm Sewer Rate History

It is important to note that 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. However, 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.

**RECOMMENDED ACTION:** Approval of Proposed Sewer Rate Resolutions for 2008-2009 for Huron Rouge Disposal System and Novi-Walled Lake Sewer System.

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

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



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 2008-2009,

**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, 2008.

### BASE SEWER RATES

\$2.51 per thousand gallons for metered consumption, and  
\$83.28 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 9<sup>th</sup> day of June 2008.

By: Maryanne Cornelius  
Its: City Clerk



**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, 2008.

**SEWER INSPECTION FEE**

**WHEREAS**, OCDC operates and maintains the Novi-Walled Lake Treatment Plant, and all sewer infrastructure 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 9<sup>h</sup> day of June 2008.

By: Maryanne Cornelius  
Its: City Clerk



May 22, 2008

Mr. Clay Pearson, Manager  
 City of Novi  
 45175 W. Ten Mile Road  
 Novi, Michigan 48375-3024

Re: Huron-Rouge Sewage Disposal System 2008/2009 Rate Review

Dear Mr. Pearson:

Notification has been received from the Wayne County Department of Public Services informing us that Wayne County has revised their Schedule of Rates and Charges for the Huron-Rouge Sewage Disposal System effective July 1, 2008.

Wayne County's sewage disposal charge will increase to \$10.38 per 1,000 cubic feet and also increasing the costs of fixed and excess flow charges from the current rate of \$1.50 per MCF to \$2.00 per MCF.

We are recommending effective July 1, 2008, to continue a Major Maintenance Reserve in the amount of \$1.08 per MCF for the Huron-Rouge Sewage Disposal System. This reserve will fund future major maintenance issues and capital improvement programs.

Oakland County's current Huron-Rouge Sewage Disposal System rate is \$13.23 MCF. We have reviewed the financial condition of the system and determined that the current rate will increase \$1.08 per MCF passing on Wayne County's increase of \$1.08 per MCF for a new rate of \$14.31 per MCF, effective July 1, 2008.

A summary and comparison of the 2007/2008 and 2008/2009 rate components is as follows:

Rate Calculation	2007/2008	2008/2009	Inc. / (Dec.)	
	Current Rate (MCF)	Proposed Rate (MCF)	\$	%
Wayne County Rate	\$9.80	\$10.38	\$0.58	5.92%
Wayne Cty. Fixed & Excess Flow Charge	1.50	2.00	0.50	33.33%
OCDC Operating & Maintenance Cost	0.85	0.85	0.00	0.00%
Reserve for Major Maintenance	1.08	1.08	0.00	0.00%
<b>Total</b>	<b>\$13.23</b>	<b>\$14.31</b>	<b>\$1.08</b>	<b>8.16%</b>
Unit Charge per Quarter (5x)	<b>\$66.15</b>	<b>\$71.55</b>	<b>\$5.40</b>	<b>8.16%</b>

Sincerely,

John P. McCulloch

Enclosure

cc: Tina Glenn, City of Novi ✓  
 Benny McCusker, City of Novi



One Public Works Drive  
 Building 95 West  
 Waterford, MI 48328-1907  
 www.co.oakland.mi.us/drain  
 P 248.858.0958  
 F 248.858.1066

**HURON-ROUGE SEWAGE DISPOSAL SYSTEM**  
**SCHEDULE OF RATES AND CHARGES EFFECTIVE JULY 1, 2008**

**A. Wastewater Disposal Charge**

Metered Water Consumption

Each community shall report within ten (10) days following the end of each calendar quarter the total equivalent master metered water consumption in the District served by the System. Where the master metered water consumption is not available, individual metered water consumption times 1.108 shall be equivalent to master metered water consumption.

Based on the quarterly report, each community shall pay \$14.31 per one thousand (1,000) cubic feet of equivalent master metered water consumption, as established by the County Agency.

Unmetered Water Consumption

Where metered water consumption is not available, then a consumption assigned by the County Agency shall be the equivalent master metered water consumption for each unit assigned to the user in accordance with the current Oakland County Drain Commissioner Schedule of Unit Assignment Factors, with a minimum assignment of one (1) unit for each connection.

The unit charge per quarter will be \$71.55 per unit effective July 1, 2008.

**B. Penalty**

The said sewage disposal service charge shall be payable quarterly. If any municipality does not pay its' service charge on the date when the same becomes due, then there shall be added to such charge a penalty of one (1) percent for each month or fraction thereof for which the same remains unpaid.

**City of Novi - Huron Rouge metered rates:**

Year	OCDC to Novi			Effective Date	Novi to Customer			% INCREASE OVER WHOLESALE	
	per/1000 cu. ft.	per/1000 gals.	% of Increase		per/1000 cu. ft.	per/1000 gals.	% of Increase		Effective Date
75-76						\$0.36		09/01/75	
77-78						\$0.57	58.333%	08/01/77	
78-79						no increase			
	\$4.43	\$0.590				\$0.83	45.614%	01/01/80	40.68%
80-81						no increase			
81-82	\$5.38	\$0.720	22.034%			\$0.96	15.663%	07/01/81	33.33%
82-83	\$5.52	\$0.740	2.778%			\$1.00	4.167%	07/01/82	35.14%
83-84						no increase			
84-85						\$0.96	-4.000%	08/01/84	
	\$5.83	\$0.780	5.405%			\$0.93	-3.125%	08/15/84	19.23%
85-86						\$0.85	-8.602%	07/01/85	
86-87						no increase			
87-88	\$6.91	\$0.920	17.949%			no increase			
88-89						\$1.00	17.647%	07/01/88	
89-90						no increase			
90-91						no increase			
91-92						no increase			
92-93						\$1.14	14.000%	04/01/92	
93-94						no increase			
94-95						no increase			
95-96						no increase			
96-97	\$7.11	\$0.950	3.261%			no increase			
97-98	\$7.23	\$0.970	5.435%	07/01/97	\$8.98	\$1.20	5.263%	08/01/97	23.71%
98-99	\$8.49	\$1.130	16.495%		\$10.32	\$1.38	15.000%	07/01/98	22.12%
99-00	\$9.31	\$1.245	10.177%	07/01/99	\$10.77	\$1.44	4.348%	08/01/99	15.66%
00-01	\$8.91	\$1.188	-4.573%	07/01/00		no increase			21.21%
01-02	\$9.15	\$1.220	2.694%	07/01/01	\$11.07	\$1.48	2.778%	08/01/01	21.31%
02-03	\$10.85	\$1.451	18.896%	07/01/02	\$13.09	\$1.75	18.243%	08/01/02	20.65%
03-04	\$11.99	\$1.603	10.507%	07/01/03	\$14.44	\$1.93	10.286%	08/01/03	20.40%
04-05	\$13.20	\$1.765	10.092%	07/01/04	\$15.71	\$2.10	8.808%	08/01/04	19.00%
05-06	\$12.43	\$1.662	-5.833%	07/01/05	\$15.33	\$2.05	-2.381%	08/01/05	23.36%
06-07	\$13.23	\$1.769	6.436%	07/01/06	\$16.55	\$2.21	7.900%	08/01/06	25.06%
07-08	\$13.23	\$1.769	0.000%	07/01/07	\$17.35	\$2.32	4.885%	08/01/07	31.17%
08-09	\$14.31	\$1.913	8.710%	07/01/08	\$18.77	\$2.51	8.171%	08/01/08	31.17%

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	
75-76	\$10.80			\$11.75		09/01/75	
76-77	no increase						
77-78	\$17.10	58.333%		\$17.25	46.809%	09/01/77	
78-79	no increase						
79-80	\$29.61	73.158%		\$33.20	92.464%	01/01/80	
80-81	\$35.96	21.445%		\$38.40	15.663%	07/01/81	6.79%
81-82	no increase						
82-83	\$36.90	2.614%		\$40.00	4.167%	07/01/82	8.40%
83-84	\$39.64	7.425%		\$40.00	0.000%	01/01/83	0.91%
84-85	\$29.15	-26.463%		\$38.40	-4.000%	08/01/84	31.73%
	\$29.15	0.000%		\$34.88	-9.167%	08/15/84	19.66%
85-86	\$29.15	0.000%		\$31.88	-8.601%	07/01/85	9.37%
86-87	\$34.55	18.525%	07/01/87	\$31.88	0.000%	07/01/85	-7.73%
87-88	no increase						
88-89	no increase			\$37.50	17.629%	07/01/88	8.54%
89-90	no increase						
90-91	no increase						
91-92	no increase			\$42.75	14.000%	04/01/92	23.73%
92-93	no increase						
93-94	no increase						
94-95	no increase						
95-96	no increase						
96-97	no increase						
97-98	\$36.15	4.631%		\$44.16	3.298%	08/01/97	22.16%
98-99	\$42.45	17.427%		\$50.78	14.991%	07/01/98	19.62%
99-00	\$46.55	9.658%	07/01/99	\$52.99	4.352%	08/01/99	13.83%
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	18.03%
02-03	\$54.25	18.579%	07/01/02	\$65.00	20.370%	08/01/02	19.82%
03-04	\$59.95	10.511%	07/01/03	\$71.00	9.231%	08/01/03	18.43%
04-05	\$66.00	10.088%	07/01/04	\$78.00	9.859%	08/01/04	18.18%
05-06	\$62.15	-5.833%	07/01/05	\$74.00	-5.128%	08/01/05	19.07%
06-07	\$66.15	6.436%	07/01/06	\$77.00	4.054%	08/01/06	16.40%
07-08	\$66.15	0.000%	07/01/07	\$77.00	0.000%	08/02/07	16.40%
08-09	\$71.55	8.163%	07/01/08	\$83.28	8.161%	08/02/08	16.40%



May 29, 2008

John P. McCulloch  
DRAIN COMMISSIONER  
OAKLAND COUNTY

Kevin R. Larsen  
CHIEF DEPUTY  
DRAIN COMMISSIONER

Mr. Clay Pearson, Manager  
City of Novi  
45175 West Ten Mile Road  
Novi, Michigan 48375-3024

**RE: *Walled Lake-Novı Sewage Disposal System Rate Review***

Dear Mr. Pearson:

After reviewing the financial statements from the Walled Lake-Novı Sewage Disposal System at the close of FY 2007, it has been determined to increase the rate for FY 2008/2009.

Enclosed please find the Walled Lake-Novı WWTP Projected Long Range Plan and Sanitary Improvement Recommendations (Attachment A) for FY 2008 – FY 2012. Projecting these costs through 2012 and including inflationary increases, the Walled Lake-Novı Sewage Disposal System rate will increase.

Therefore, please be advised that the rates for the Walled Lake-Novı Sewage Disposal System will increase to \$66.62 per unit quarterly effective August 1, 2008.

The current Industrial Pretreatment Program (IPP) rate of \$10.41 per unit quarterly will remain the same for non-domestic sewer customers.

If you should have any further questions in regards to this matter, please contact Douglas Buchholz at 248-858-1119.

Sincerely,

Cordially,

John P. McCulloch

Douglas A. Buchholz, P.E.

Cc: Kathy Smith-Roy



<b>City of Novi - Walled Lake Arm Sewer Rate:</b>					<b>% INCREASE OVER WHOLESALE</b>
<b>Year</b>	<b>OCDC to Novi</b>	<b>% of Increase</b>	<b>Novi to Customer</b>	<b>Effective Date</b>	
97-98	\$38.00	-6.289%	\$43.90	08/01/97	
98-99	\$36.10	-5.000%	\$42.41	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	08/01/02	<b>14.54%</b>
03-04	\$49.60	9.251%	\$58.00	08/01/03	<b>16.94%</b>
04-05	\$49.60	0.000%	\$58.00	08/01/04	<b>16.94%</b>
05-06	\$53.75	8.367%	\$62.80	08/01/05	<b>16.84%</b>
06-07	\$57.25	6.512%	\$67.10	08/01/06	<b>17.21%</b>
07-08	\$58.75	2.620%	\$67.56	08/01/07	<b>15.00%</b>
08-09	\$66.62	13.396%	\$76.61	08/01/08	<b>15.00%</b>

# City of Novi Sanitary System Service Districts

## City of Novi, Michigan

### Legend

- Major Roads
- Minor Streets
- Lakes
- Sanitary Service Districts
  - Commerce Township
  - Huron-Rouge
  - Walled Lake

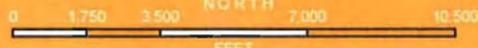


### CITY OF NOVI

CITY WATER DEPARTMENT  
DEPARTMENT OF PUBLIC WORKS

25300 DELVAIL  
NOVI, MI 48375-3024  
(248) 735-5640

MAP AUTHOR: CHRIS BLOUGH, GIS MANAGER



1 INCH EQUALS 4,333 FEET

MAP PRINT DATE: 6/04/2008

### MAP INTERPRETATION NOTICE

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