

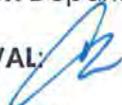


## CITY of NOVI CITY COUNCIL

**Agenda Item 2**  
**October 28, 2013**

**SUBJECT:** Adoption of a Resolution to approve Amendment No. 3 to the Water Service Contract with the Detroit Water and Sewerage Department (DWSD) to adjust the contract values related to annual volume, maximum day, and peak hour water usage.

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

**CITY MANAGER APPROVAL:** 

**BACKGROUND INFORMATION:**

In June 2009, the City of Novi approved a new 30-year contract with DWSD to supply drinking water to the City of Novi. The agreement allows for a periodic review ("re-opener") of the contract usage values to ensure that the contract values reflect current usage. The original contract and Amendment No. 1 values were approved in 2009 and 2010, respectively, and established contract usage values for prior years. The most recent amendment, Amendment No. 2 to the Water Service Contract, was approved by City Council on January 7, 2013 to establish the City's current contract usage values. On October 3, 2013, staff from DPS's Water and Sewer Division met with representatives of DWSD to discuss changes associated with the 5-year re-opener of the contract, which would go into effect on July 1, 2014.

A review of the recent usage data indicated that adjustments were needed to the current annual volume, maximum day, and peak hour contract values to better reflect current usage. A copy of the October 9<sup>th</sup> DWSD contract re-opener off-week memo is attached for reference and provides a more detailed evaluation of the usage values. The table below provides a summary of the past (Original Contract and Amendment No. 1), current (Amendment No. 2), and proposed (Amendment No. 3) contract values and corresponding commodity charges:

Amendment	Annual Volume (mcf)	Maximum Day Flows (mgd)	Peak Hour Flows (mgd)	Total Commodity Charge (\$/mcf)
Original Contract (Past Contract)	325,000	18.6	34.5	\$35.41
Amendment No. 1 (Past Contract)	281,800	16.8	24.5	\$30.43
Amendment No. 2 (Current Contract)	303,000	17.5	28.0	\$31.79
Amendment No. 3 (Proposed Contract)	310,000	17.9	28.6	\$31.74

mcf = 1,000s of cubic feet

mgd = millions of gallons per day

The Total Commodity Charge is a unitized cost value that combines the monthly charge and per unit cost, such that the wholesale water rates for each set of contract values can be directly

compared. The proposed Amendment No. 3 values provide the needed adjustments to the annual volume and include a factor of safety for the peak hour contract value with no impact to the City's wholesale water rates. It should be noted that while the rates would not be impacted by the proposed change in contract values, there may be unilateral rate increases, independent of individual contract values, which may be applied to all DWSD wholesale customers system-wide. In the past, the unilateral rate increase values have been approximately 4%.

The attached Amendment No. 3 to the Water Service Contract has been favorably reviewed by the City Attorney's office (see Beth Saarela's October 17, 2013 letter, attached). The next contract re-opener is scheduled in five years, as the re-openers are scheduled on a 5-year cycle going forward. However, the Water and Sewer Division plans on requesting an early re-opener shortly after the proposed water storage tank is constructed and operational. The storage tank will enable the City to use the stored volume to reduce peak hour flows to maximum day flow rate levels to become a "maximum day customer", thus reducing wholesale water rates for the City. It will be important to use the early re-opener to establish maximum day customer status for the City such that the lower wholesale rates can be achieved as soon as possible thereafter.

**RECOMMENDED ACTION:** Adoption of a Resolution to approve Amendment No. 3 to the Water Service Contract with the Detroit Water and Sewerage Department (DWSD) to adjust the contract values related to annual volume, maximum day, and peak hour water usage.

	1	2	Y	N
Mayor Gatt				
Mayor Pro Tem Staudt				
Council Member Casey				
Council Member Fischer				

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

CITY OF NOVI

COUNTY OF OAKLAND, MICHIGAN

**RESOLUTION OF APPROVAL**

**AMENDMENT NO. 3 TO WATER SERVICE CONTRACT**

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 October 28, 2013, 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 Detroit owns and operates a public water supply system that supplies potable water to the City of Novi; and,

WHEREAS: on June 1, 2009, the City of Novi approved a Water Service Contract with the City of Detroit that reflects the terms and conditions governing the purchase and delivery of potable water, as amended by approval of the Novi City Council on November 22, 2010 and January 7, 2012; and,

WHEREAS: the Water Service Contract provides a means for all customers to have a long-term supply of potable water that meets or exceeds State of Michigan and federal regulatory requirements for drinking water quality and safety, and at the lowest reasonable rates; and,

WHEREAS: proposed Amendment No. 3 to the Water Service Contract adjusts three parameters (annual volume, maximum day usage, and peak hour usage) to reflect a better estimate of actual usage; and,

WHEREAS: proposed Amendment No. 3 also makes minor modifications to the description of the City of Novi's connection points to the City of Detroit's system; and,

WHEREAS: Article 5, Section 5.07 of the Contract provides for periodic amendments to annual volume, maximum day usage, and peak hour usage values assigned to the City based on updated water usage data; and,

WHEREAS: the Parties seek to amend the Contract by mutual agreement pursuant to Section 5.07 of the Water Service Contract.

NOW, THEREFORE, IT IS THEREFORE RESOLVED, that the City Council and the City of Novi requests that the terms of the Water Service Contract with the City of Detroit defines and includes Amendment No. 3.

AYES:

NAYES:

RESOLUTION DECLARED ADOPTED.

\_\_\_\_\_  
Maryanne Cornelius, 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 \_\_\_\_\_ day of \_\_\_\_\_, 2013, and that public office 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.

\_\_\_\_\_  
Maryanne Cornelius, City Clerk  
City of Novi

**AMENDMENT NO. 3 TO WATER SERVICE CONTRACT  
BETWEEN  
CITY OF DETROIT  
AND  
CITY OF NOVI**

This Amendment Agreement No. 3 (“Amendment”) 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 are collectively referred to as the “Parties”.

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

Whereas, on July 21, 2009, the Parties entered into a Water Service Contract (“Contract”) reflecting the terms and conditions governing the delivery and purchase of potable water, as subsequently amended; and

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

Whereas, Article 15 of the Contract permits the Parties to amend the Contract by mutual agreement; and

Whereas, it is the mutual desire of the Parties to enter into this Amendment to amend the Contract as set out in detail in the following sections; and

**ACCORDINGLY, THE PARTIES AGREE AS FOLLOWS:**

1. Exhibit A of the Contract is amended by deleting in its entirety the existing First Amended Exhibit A and substituting the attached Second Amended Exhibit A in its place.
2. Exhibit B of the Contract is amended by deleting in its entirety the existing Second Amended Exhibit B and substituting the attached Third Amended Exhibit B in its place.
3. With the exception of the provisions of the Contract specifically contained in this Amendment, all other terms, conditions and covenants contained in the Contract shall remain in full force and effect and as set forth in the Contract.
4. This Amendment to the Contract shall be effective and binding upon the Parties when it is signed and acknowledged by the duly authorized representatives of both Parties, and is approved by Customer’s governing body and the Board.

*(Signatures appear on next page)*

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

**City of Novi:**

By: \_\_\_\_\_  
Robert J. Gatt  
Its: Mayor

By: \_\_\_\_\_  
Maryanne Cornelius  
Its: City Clerk

**City of Detroit:**

By: \_\_\_\_\_  
Sue F. McCormick  
Its: Director, Water and Sewerage Department

APPROVED BY  
NOVI CITY COUNCIL ON:

\_\_\_\_\_  
Date

APPROVED BY DETROIT  
BOARD OF WATER COMMISSIONERS ON:

\_\_\_\_\_  
Date

## SECOND AMENDED 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.

COMMERCE TOWNSHIP

MILFORD TOWNSHIP

WEST BLOOMFIELD TOWNSHIP

LYON TOWNSHIP

CITY OF FARMINGTON HILLS

CITY OF WIXOM

CITY OF NOVI

OAKLAND COUNTY

WAYNE COUNTY

CITY OF LIVONIA

NORTHVILLE TOWNSHIP

LEGEND

SYMBOL	DESCRIPTION
	DWSD METER PIT
	PRV
	EMERGENCY CONNECTION

SYMBOL	DESCRIPTION
	SERVICE AREA
	CITY-TWP LINE
	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

#### 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

12" GV&W on Twelve Mile Road near Pinewood

### **City of Novi Water Customers Outside Municipal Limits:**

None.

### **City of Novi Master Meters Not In Service:**

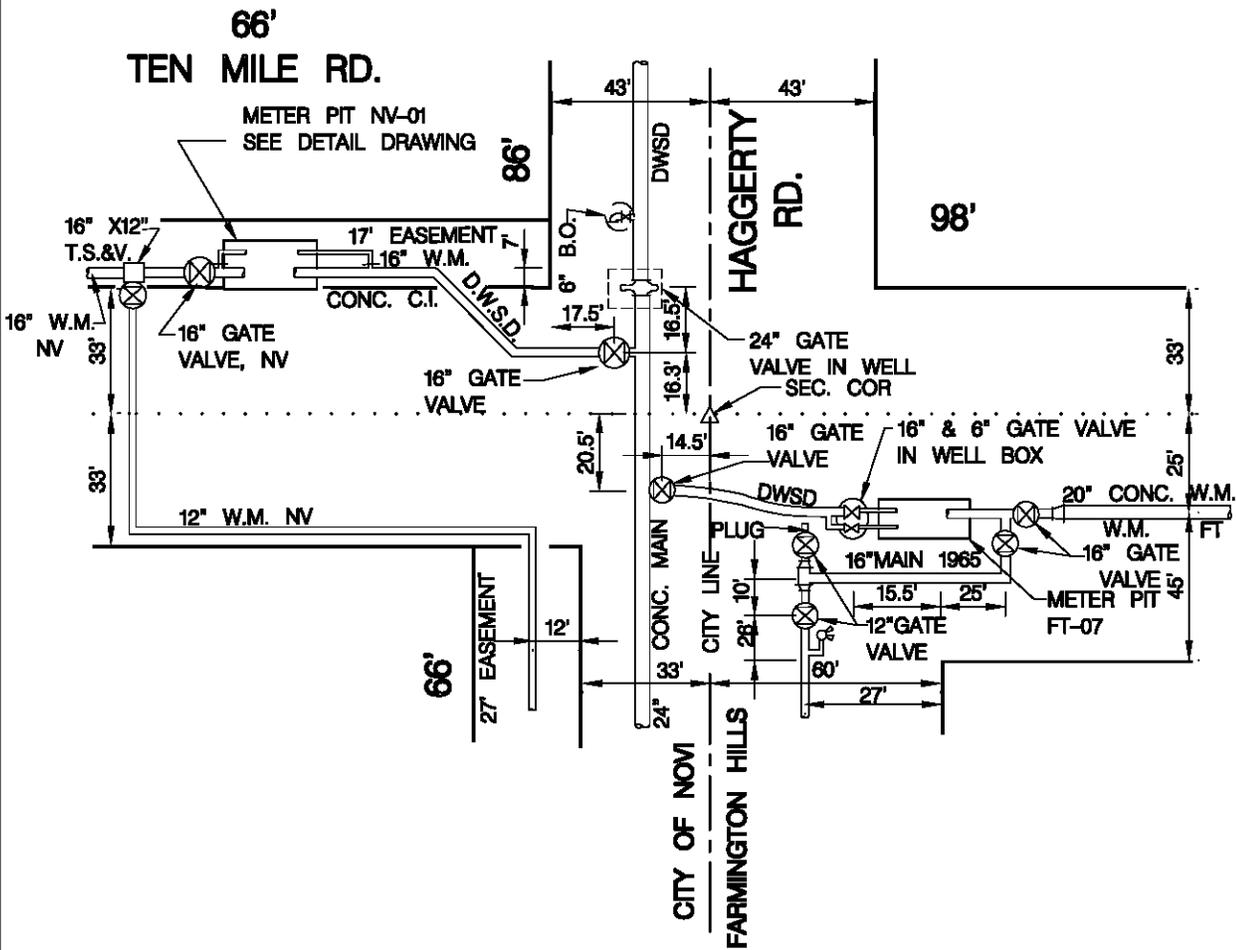
None.

# 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

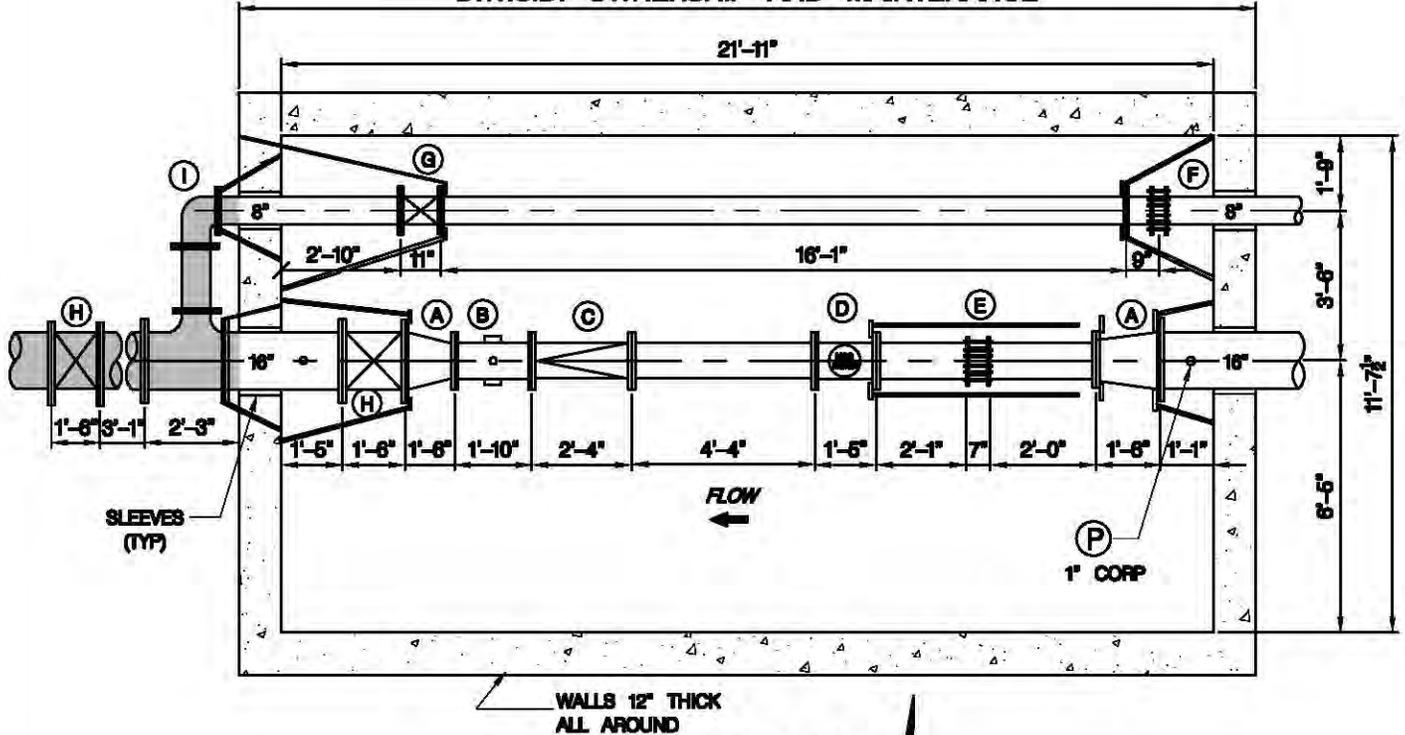


LOCATIONS SUBJECT TO  
VERIFICATION IN THE FIELD.



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

D.W.S.D. OWNERSHIP AND MAINTENANCE



**METER PIT DETAIL**  
NOT TO SCALE

LEGEND			
TAG	QTY	DESCRIPTION	SIZE
A	2	CONCENTRIC REDUCERS, D.I.	16"x10"
B	1	DUCTILE IRON TEE	10"x3"
C	1	CHECK VALVE	10"
D	1	ABB MAG METER	10"
E	1	DRESSER STYLE 38 COUPLING	10"
F	1	DRESSER STYLE 38 COUPLING	8"
G	1	GATE VALVE	8"
H	2	GATE VALVE	16"
I	1	90° ELBOW	8"

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

ADDRESS	24200 HAGGERTY ROAD
FEED TO	CITY OF NOVI
FEED FROM	D.W.S.D. TRANS. MAIN
TYPE OF METER	ABB MAG METER
SIZE OF METER	10"
METER NUMBER	3K8200067703
DATE METER SET	DECEMBER 8, 2012
METER PIT CONST & SIZE	REINFORCED CONCRETE 21'-11" X 11'-7.5" I.D.
GATE BOOK No	W-1401
REMARKS	NONE

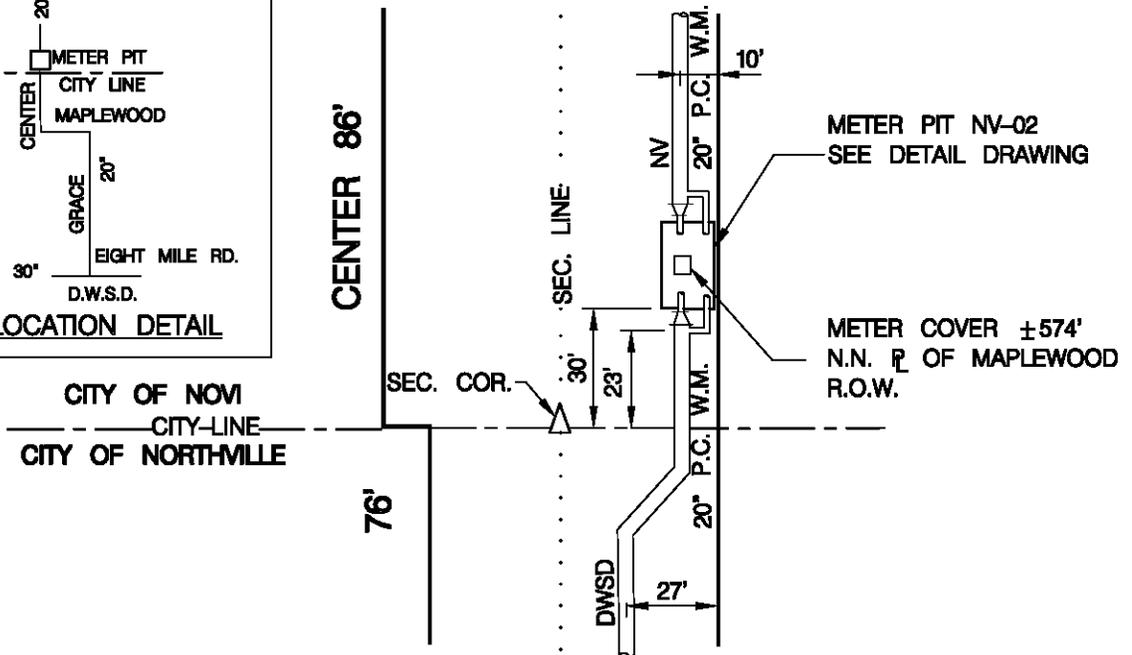
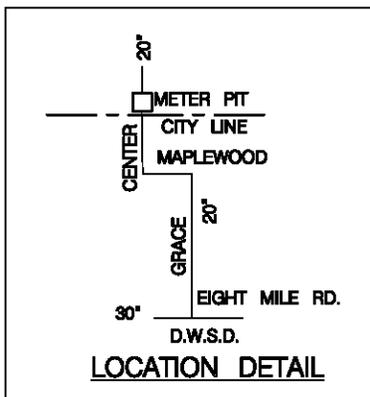
NV  
01

# EXHIBIT-A

## NV-02

### NORTH CENTER STREET

### CITY OF NOVI



**NV-NOVI OWNERSHIP  
AND MAINTENANCE**

**SITE PLAN**  
NOT TO SCALE

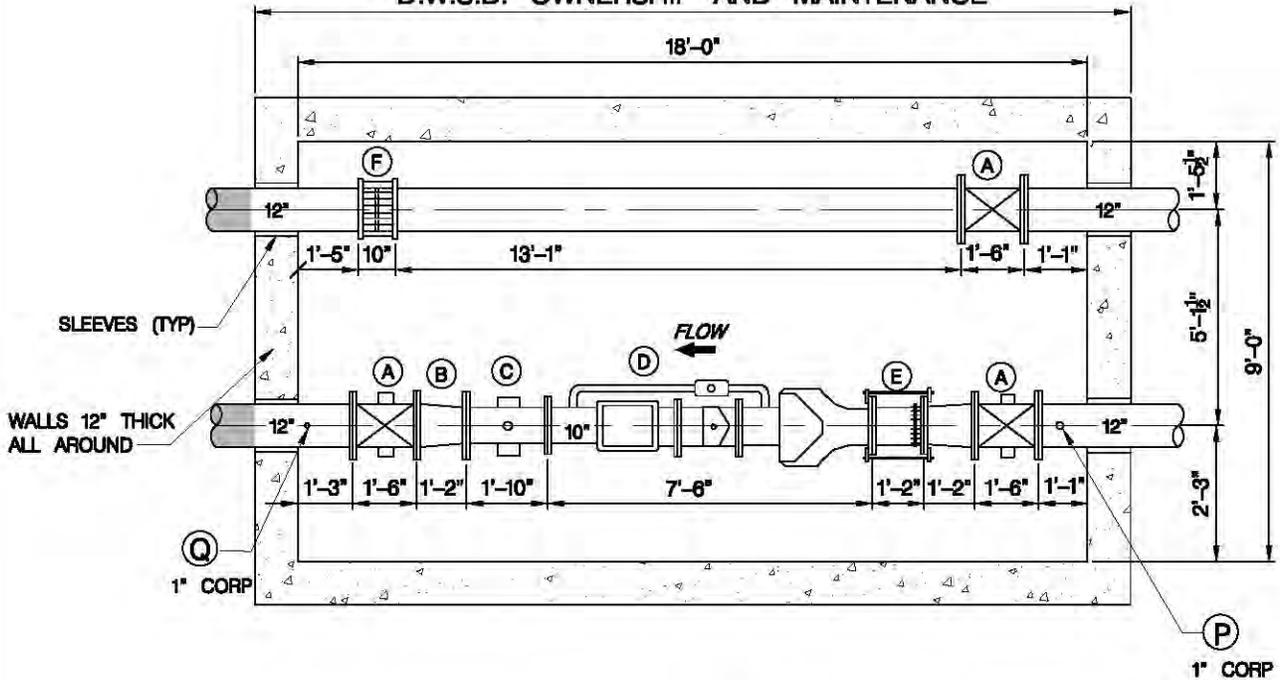


**LOCATIONS SUBJECT TO  
VERIFICATION IN THE FIELD.**



**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"

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 \_\_\_\_\_ 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

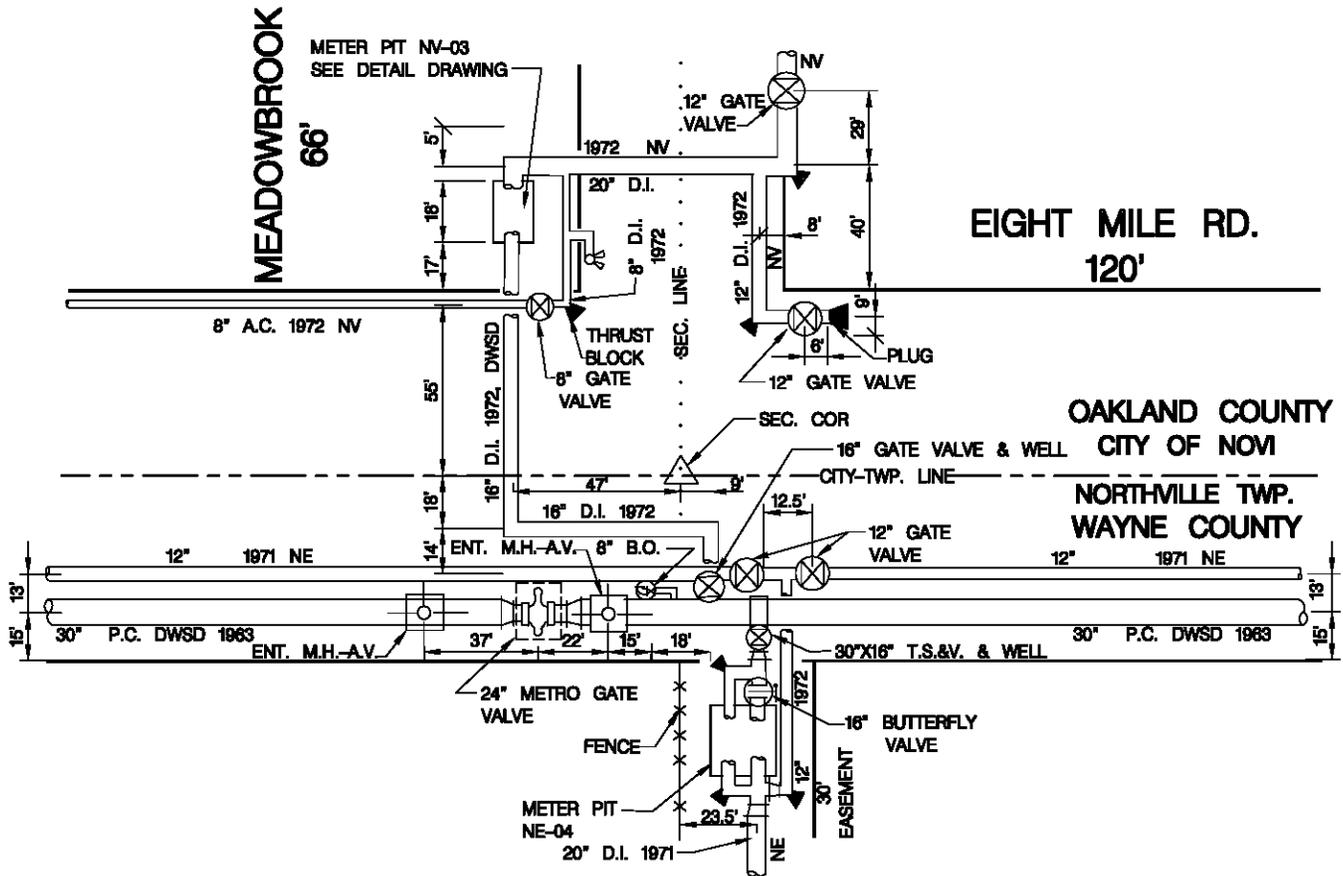


# EXHIBIT-A

## NV-03

### EIGHT MILE AND MEADOWBROOK

### CITY OF NOVI



NV- NOVI OWNERSHIP AND MAINTENANCE  
 NE- NORTHVILLE TWP. OWNERSHIP AND MAINTENANCE

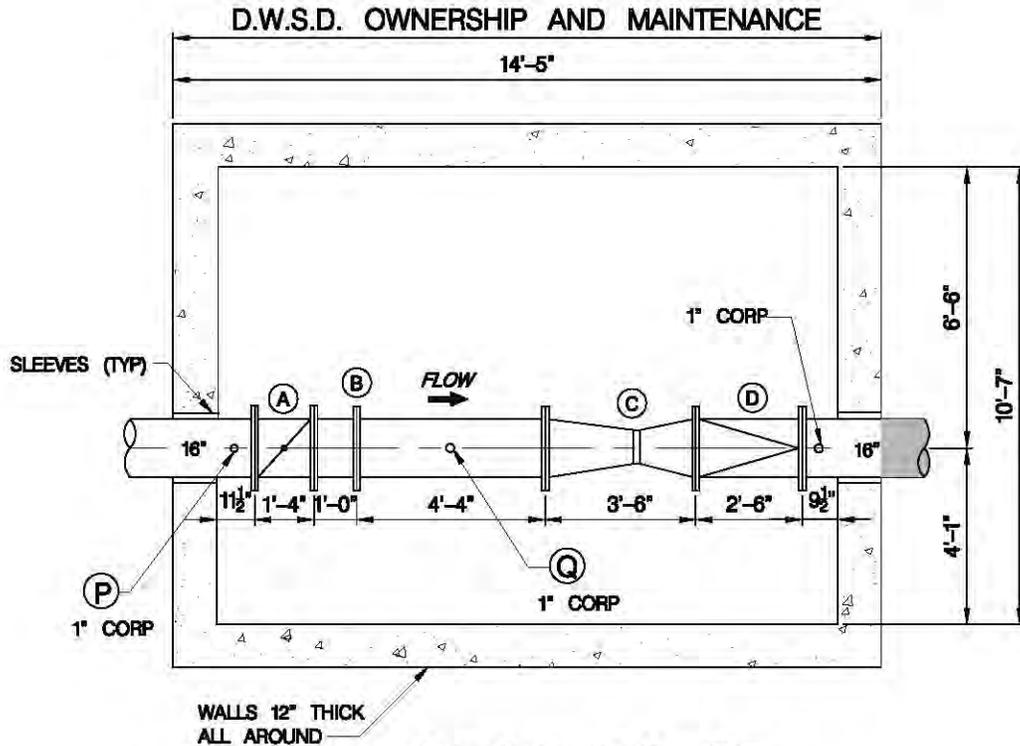
**SITE PLAN**  
 NOT TO SCALE



LOCATIONS SUBJECT TO VERIFICATION IN THE FIELD.



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



**METER PIT DETAIL +Z**  
 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"

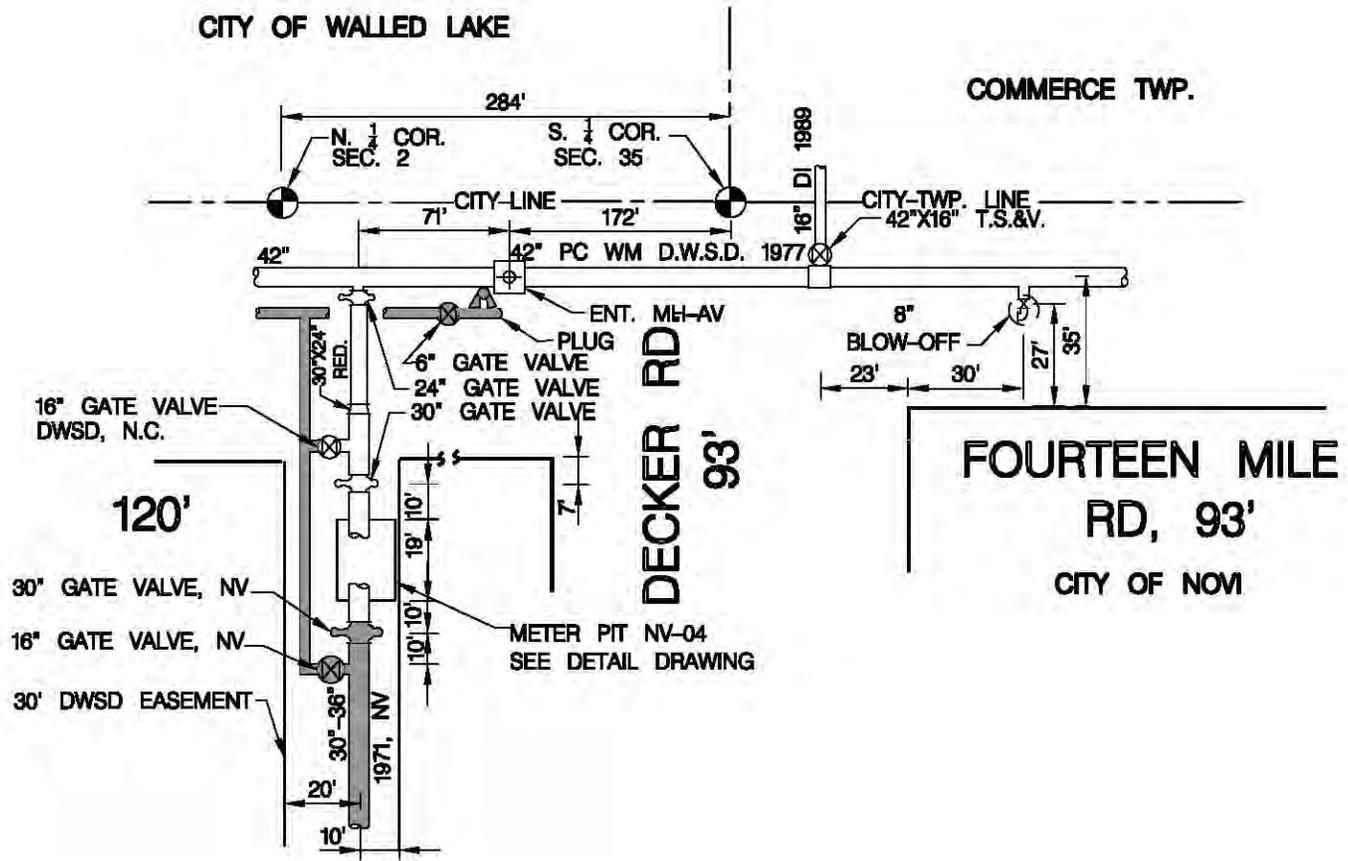
CITY OF NOVI O&M	
TYPICAL PRESSURE LOSS THRU METER	
METER TYPE	P.S.I. LOSS
VENTURI	1 - 2
MAG	0
TURBINE	4 - 6

- (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 \_\_\_\_\_ 8/31/1971  
 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**

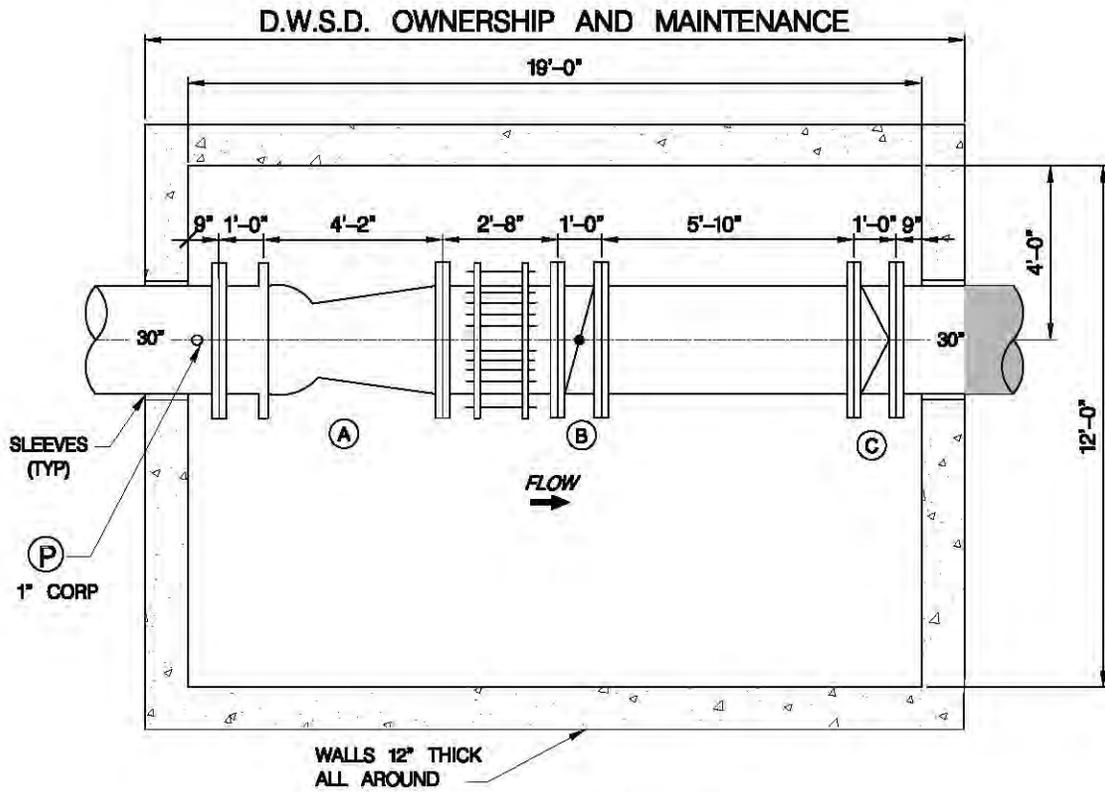
**SITE PLAN**  
NOT TO SCALE



**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

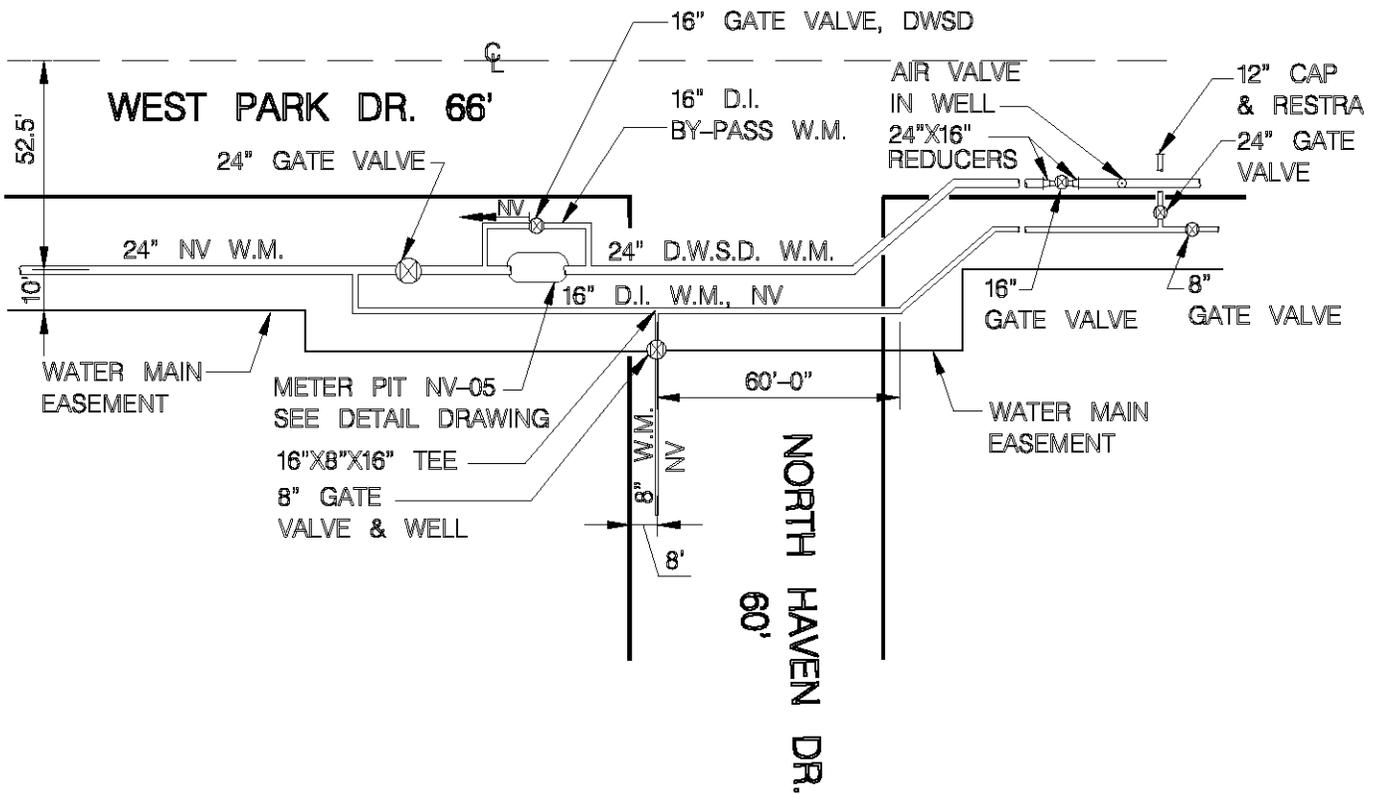
ADDRESS \_\_\_\_\_ 42351 FOURTEEN MILE RD.  
 FEED TO \_\_\_\_\_ CITY OF NOVI  
 FEED FROM \_\_\_\_\_ 42" D.W.S.D. MAIN  
 TYPE OF METER \_\_\_\_\_ BIF VENTURI / ORIFICE  
 SIZE OF METER \_\_\_\_\_ 30"X17.4" & 30"X6.0604"  
 METER NUMBER \_\_\_\_\_ 17.4")1462410 & 6.0604")1462411  
 DATE METER SET \_\_\_\_\_ 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

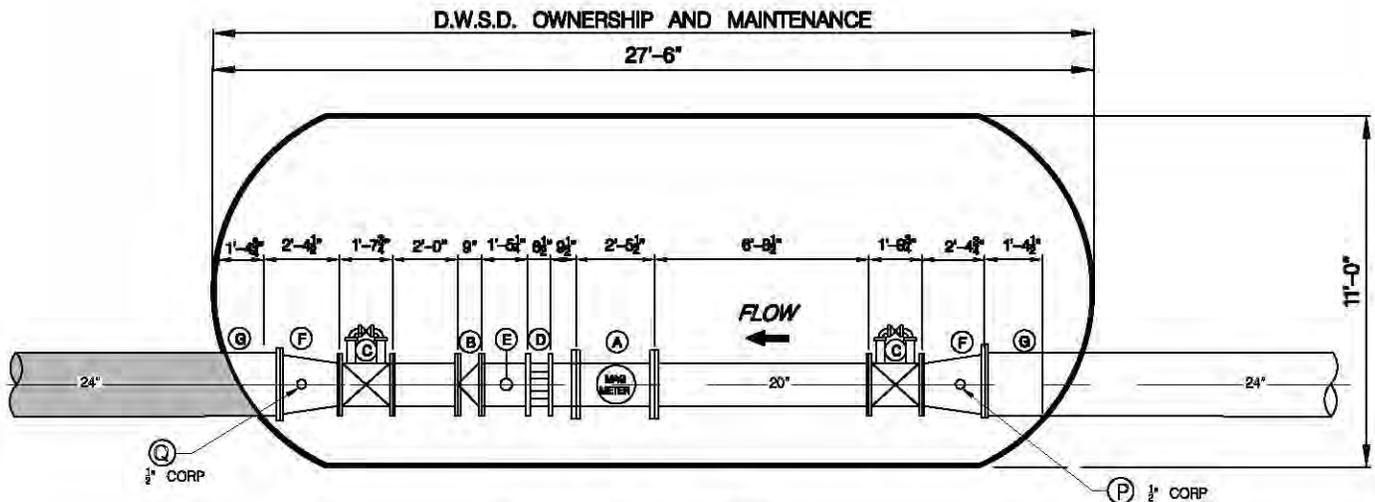
**SITE PLAN**  
NOT TO SCALE



LOCATIONS SUBJECT TO  
VERIFICATION IN THE FIELD.



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



LEGEND			
TAG	QTY	DESCRIPTION	SIZE
A	1	ABB MAG METER	20"
B	1	CHECK VALVE	20"
C	2	GATE VALVE	20"
D	1	MECHANICAL COUPLING	20"
E	1	TEST FITTING	16"
F	2	WELD IN REDUCER	24"X20"
G	1	SLEEVE	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, 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 \_\_\_\_\_ ABB MAG  
SIZE OF METER \_\_\_\_\_ 20"  
METER PIT CONST & SIZE \_\_\_\_\_ STEEL VAULT 27'-6" X 11'-0" I.D.  
GATE BOOK No \_\_\_\_\_ -  
REMARKS \_\_\_\_\_ DWSD HAS ACCESS



## THIRD AMENDED 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.

THIRD AMENDED EXHIBIT B

Table 1  
 Projected Annual Volume and Minimum Annual Volume

Fiscal Year Ending June 30	Projected Annual Volume (Mcf)	Minimum Annual Volume (Mcf)
2010	<b>325,000</b>	<b>162,500</b>
2011	<b>281,800</b>	<b>140,900</b>
2012	<b>281,800</b>	<b>140,900</b>
2013	<b>281,800</b>	<b>140,900</b>
2014	<b>303,000</b>	<b>151,500</b>
2015	<b>310,000</b>	<b>155,000</b>
2016	<b>311,000</b>	<b>155,500</b>
2017	<b>312,000</b>	<b>156,000</b>
2018	<b>313,000</b>	<b>156,500</b>
2019	<b>314,000</b>	<b>157,000</b>
2020	<i>314,000</i>	<i>157,000</i>
2021	<i>314,000</i>	<i>157,000</i>
2022	<i>314,000</i>	<i>157,000</i>
2023	<i>314,000</i>	<i>157,000</i>
2024	<i>314,000</i>	<i>157,000</i>
2025	<i>314,000</i>	<i>157,000</i>
2026	<i>314,000</i>	<i>157,000</i>
2027	<i>314,000</i>	<i>157,000</i>
2028	<i>314,000</i>	<i>157,000</i>
2029	<i>314,000</i>	<i>157,000</i>
2030	<i>314,000</i>	<i>157,000</i>
2031	<i>314,000</i>	<i>157,000</i>
2032	<i>314,000</i>	<i>157,000</i>
2033	<i>314,000</i>	<i>157,000</i>
2034	<i>314,000</i>	<i>157,000</i>
2035	<i>314,000</i>	<i>157,000</i>
2036	<i>314,000</i>	<i>157,000</i>
2037	<i>314,000</i>	<i>157,000</i>
2038	<i>314,000</i>	<i>157,000</i>
2039	<i>314,000</i>	<i>157,000</i>

THIRD AMENDED EXHIBIT B

Table 2  
Pressure Range and Maximum Flow Rate

Calendar Year	Pressure Range (psi)		Maximum Flow Rate (mgd)									
	Meter NV-01		Meter NV-02		Meter NV-03		Meter NV-04		Meter NV-05		<u>Max Day</u>	<u>Peak Hour</u>
	<u>Min</u>	<u>Max</u>										
2009	<b>54</b>	<b>82</b>	<b>52</b>	<b>79</b>	<b>55</b>	<b>82</b>	<b>81</b>	<b>109</b>	<b>72</b>	<b>100</b>	<b>18.57</b>	<b>34.53</b>
2010	<b>54</b>	<b>82</b>	<b>52</b>	<b>79</b>	<b>55</b>	<b>82</b>	<b>81</b>	<b>109</b>	<b>72</b>	<b>100</b>	<b>18.57</b>	<b>34.53</b>
2011	<b>54</b>	<b>82</b>	<b>52</b>	<b>79</b>	<b>55</b>	<b>82</b>	<b>81</b>	<b>109</b>	<b>72</b>	<b>100</b>	<b>17.30</b>	<b>25.50</b>
2012	<b>54</b>	<b>82</b>	<b>52</b>	<b>79</b>	<b>55</b>	<b>82</b>	<b>81</b>	<b>109</b>	<b>72</b>	<b>100</b>	<b>16.80</b>	<b>24.50</b>
2013	<b>54</b>	<b>82</b>	<b>52</b>	<b>79</b>	<b>55</b>	<b>82</b>	<b>81</b>	<b>109</b>	<b>72</b>	<b>100</b>	<b>17.5</b>	<b>28.0</b>
2014	<b>54</b>	<b>82</b>	<b>52</b>	<b>79</b>	<b>55</b>	<b>82</b>	<b>81</b>	<b>109</b>	<b>72</b>	<b>100</b>	<b>17.9</b>	<b>28.6</b>
2015	<b>54</b>	<b>82</b>	<b>52</b>	<b>79</b>	<b>55</b>	<b>82</b>	<b>81</b>	<b>109</b>	<b>72</b>	<b>100</b>	<b>17.9</b>	<b>28.6</b>
2016	<b>54</b>	<b>82</b>	<b>52</b>	<b>79</b>	<b>55</b>	<b>82</b>	<b>81</b>	<b>109</b>	<b>72</b>	<b>100</b>	<b>17.9</b>	<b>28.6</b>
2017	<b>54</b>	<b>82</b>	<b>52</b>	<b>79</b>	<b>55</b>	<b>82</b>	<b>81</b>	<b>109</b>	<b>72</b>	<b>100</b>	<b>17.9</b>	<b>28.6</b>
2018	<b>54</b>	<b>82</b>	<b>52</b>	<b>79</b>	<b>55</b>	<b>82</b>	<b>81</b>	<b>109</b>	<b>72</b>	<b>100</b>	<b>17.9</b>	<b>28.6</b>
2019	54	82	52	79	55	82	81	109	72	100	17.9	28.6
2020	54	82	52	79	55	82	81	109	72	100	17.9	28.6
2021	54	82	52	79	55	82	81	109	72	100	17.9	28.6
2022	54	82	52	79	55	82	81	109	72	100	17.9	28.6
2023	54	82	52	79	55	82	81	109	72	100	17.9	28.6
2024	54	82	52	79	55	82	81	109	72	100	17.9	28.6
2025	54	82	52	79	55	82	81	109	72	100	17.9	28.6
2026	54	82	52	79	55	82	81	109	72	100	17.9	28.6
2027	54	82	52	79	55	82	81	109	72	100	17.9	28.6
2028	54	82	52	79	55	82	81	109	72	100	17.9	28.6
2029	54	82	52	79	55	82	81	109	72	100	17.9	28.6
2030	54	82	52	79	55	82	81	109	72	100	17.9	28.6
2031	54	82	52	79	55	82	81	109	72	100	17.9	28.6
2032	54	82	52	79	55	82	81	109	72	100	17.9	28.6
2033	54	82	52	79	55	82	81	109	72	100	17.9	28.6
2034	54	82	52	79	55	82	81	109	72	100	17.9	28.6
2035	54	82	52	79	55	82	81	109	72	100	17.9	28.6
2036	54	82	52	79	55	82	81	109	72	100	17.9	28.6
2037	54	82	52	79	55	82	81	109	72	100	17.9	28.6
2038	54	82	52	79	55	82	81	109	72	100	17.9	28.6

THIRD AMENDED EXHIBIT B

Table 3  
Flow Split Assumptions

<b>Meter</b>	<b>Assumed Flow Split (2014-2018)</b>
NV-01	0 – 1 %
NV-02	0 – 15 %
NV-03	0 – 10 %
NV-04	35 – 70 %
NV-05	20 – 70 %

Table 4  
Addresses for Notice

<b>If to the Board:</b>	<b>If to Customer:</b>
Director Detroit Water and Sewerage Department 735 Randolph Detroit, Michigan 48226 Attention: General Counsel	City Clerk City of Novi 45175 West Ten Mile Road Novi, Michigan 48375  Cc: DPS Director 26300 Lee BeGole Drive Novi, Michigan 48375



JOHNSON ROSATI SCHULTZ JOPPICH PC

34405 W. Twelve Mile Road, Suite 200 ~ Farmington Hills, Michigan 48331-5627  
Phone: 248.489.4100 | Fax: 248.489.1726

Elizabeth Kudla Saarela  
esaarela@jrsjlaw.com

[www.johnsonrosati.com](http://www.johnsonrosati.com)

October 17, 2013

Rob Hayes, Public Services Director  
CITY OF NOVI  
Department of Public Services  
Field Services Complex  
26300 Lee BeGole Drive  
Novi, MI 48375

**Re: Amendment No. 3 to Water Service Contract between the City of Detroit and City of Novi**

Dear Mr. Hayes:

We have reviewed the enclosed proposed Amendment No. 3 to Water Service Contract between the City of Detroit and City of Novi. Amendment No. 3 constitutes the City's regularly scheduled contract reopener pursuant to Section 5.07 of the City's 30-year contract for the purchase of water from the City of Detroit. The proposed amendment consists of adjustments to the City's volume requirements and max day and peak hour values based on additional data collected since Amendment No. 2 was adopted. The adjustments are based primarily on max day and peak hour flows demonstrated by the City's use of water over the 2013 summer demand season.

The volume and max day and peak hour flows set forth in Exhibit B to Amendment No. 3 to the Water Service Agreement will apply for the next five years of the Water Service Contract. Once Amendment No. 3 has been approved, the values will only be changed before 2019 if the City of Detroit and City of Novi agree to a change based on a significant change in the City's water system, such as the addition of storage to the system, or if the City exceeds its max day or peak hour limits.

Minor changes have been made to Exhibit A describing the City of Novi's water system and connection points to the City of Detroit's system.

Rob Hayes, Public Services Director  
October 17, 2013  
Page 2

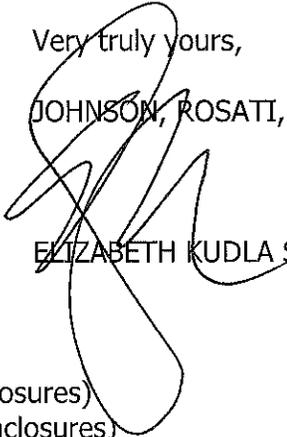
Except for the proposed changes to Exhibits A and B, the terms of the original Water Service Contract remain in effect.

Subject to approval of the changes to Exhibits A and B by the Department of Public Services, we see no legal impediment to entering into Amendment No. 3 to Water Service Contract Between City of Detroit and City of Novi. We have enclosed Resolution of Approval for this purpose.

Please feel free to contact me with any questions or concerns in regard to this matter.

Very truly yours,

JOHNSON, ROSATI, SCHULTZ & JOPPICH, P.C.



ELIZABETH KUDLA SAARELA

EMK

Enclosures

C: Maryanne Cornelius, Clerk (w/Enclosures)  
Clay Pearson, City Manager (w/ Enclosures)  
Victor Cardenas, Assistant City Manager (w/Enclosures)  
Brian Coburn, Engineering Manager (w/Enclosures)  
Thomas R. Schultz, Esquire (w/Enclosures)

# MEMORANDUM



**TO:** ROB HAYES, DIRECTOR OF PUBLIC SERVICES/CITY ENGINEER  
**FROM:** TIM KUHNS, WATER AND SEWER SENIOR ENGINEER TDK  
**SUBJECT:** DWSD CONTRACT REOPENER  
**DATE:** OCTOBER 9<sup>TH</sup>, 2013

10/9/13  
To: Mayor & City Council Members  
PKL

On October 3<sup>rd</sup>, 2013, the Water and Sewer Division met with representatives of the Detroit Water and Sewerage Department (DWSD) to perform a periodic review of the current contract usage values. This memorandum provides a summary of recent usage data and a recommendation for contract values based on that data.

The current contract values are summarized in Table 1.

**Table 1: Current DWSD Contract Values**

Scenario	Annual Volume (mcf)	Maximum Day Flows (mgd)	Peak Hour Flows (mgd)
Current Contract Values	303,000	17.5	28.0

mcf = 1,000s of cubic feet

mgd = millions of gallons per day

The review included a current assessment of annual volume, maximum day, and peak hour contract values to verify that these values reflect the City's actual water usage as demonstrated during the recent usage period from 2011 to present.

## Annual Volumes

A review of the annual usage data from 2004 to present is depicted in Figure 1 and is provided as an attachment to this memo. The usage data indicates that the average annual volume usage is approximately 310,000 mcf. This finding would indicate that the current contract value is under-representing current usage and that a more accurate contract value for annual volume would be in the range of 310,000 mcf.

## Maximum Day Flows

A review of recent usage data from 2011 to present, as presented in Table 2, indicates that the observed maximum day usage values are well below the current contract value of 17.5 mgd.

**Table 2: Recent Observed Maximum Day Usage Values**

Year	Observed Maximum Day Flows (mgd)	Date
2011	15.30	17-Jul
2012	14.85	2-Jul
2013	10.93	26-Aug

The contract values appear to over-represent the observed maximum day values based on the past three years of data; however, higher maximum day values that exceeded 16.0 mgd were observed in 2006. Therefore, these findings would indicate that the maximum day contract value of 17.5 mgd provides a reasonable representation of maximum day flows.

**Peak Hour Flows**

A review of recent usage data from 2011 to present, as presented in Table 3, indicates that the observed peak hour usage values are at or around the current contract value.

**Table 3: Recent Observed Peak Hour Usage Values**

Year	Observed Peak Hour Flows (mgd)	Date
2011	25.81	17-Jul
2012	28.20	2-Jul
2013	18.83	26-Aug

**Note:** Peak flow for 2012 event estimated because DWSD meter NV\_04 was out of service at that time.

Because the observed values are at or around the current contract value, it would suggest that increasing the contract value may be appropriate to allow for a factor of safety against a peak hour contract exceedance.

**Comparison of Rate Scenarios and Recommended Contract Values**

Several scenarios were evaluated to compare the total commodity charge in an effort to identify the impacts to the City's wholesale water rates. The total commodity charge combines the monthly charge and per unit cost into a unitized value that can be directly compared across scenarios. Table 4 summarizes the existing conditions rates scenario; a scenario with only annual volume adjusted; and a scenario with all three contract values adjusted.

**Table 4: Rates Scenarios**

Scenario	Annual Volume (mcf)	Maximum Day Flows (mgd)	Peak Hour Flows (mgd)	Total Commodity Charge
Current Contract Values	303,000	17.5	28.0	\$31.79
Scenario 1	310,000	17.5	28.0	\$31.16
Scenario 2	310,000	17.9	28.6	\$31.74

Based on a review of the rates scenarios, it appears that scenario 2 provides the needed adjustments to the annual volume and a factor of safety for the peak hour contract value, while providing little impact to the City's wholesale water rates. **For this reason, we recommend that the City adopt the Scenario 2 contract values as identified in Table 4.**

It should be noted that while the rates would not be impacted by a change in contract values, there may be unilateral rate increases, independent of individual contract values, which may be applied to all DWSD wholesale customers system-wide. In the past, the unilateral rate increase values have been in the range of 4%.

Please let me know if you have any question or comments regarding this report.

cc: Michael Andrews, Water & Sewer Financial Specialist  
Scott Roselle, Water & Sewer Asset Manager

Figure 1: Annual Volume Usage

