



# CITY of NOVI CITY COUNCIL

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

**Agenda Item 8**  
**June 4, 2007**

**SUBJECT:** Approval of Proposed Water & Sewer Rate Resolutions for 2007-2008

**SUBMITTING DEPARTMENT:** Finance

**CITY MANAGER APPROVAL:** 

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 & Sewerage Department (7.823%) for water, and an increase of 4% from the prior year on the Oakland County Drain rate for the metered Huron Rouge Sewage Disposal System (no increase from ODCD for 2007-8) for the services provided by the City of Novi Water & Sewer System (i.e. sewer transmission maintenance, lift station maintenance, etc.). The water and sewer rate increase to the customer for the 2007-8 fiscal year will range from approximately 6.1%-7.8%. 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. The water equipment rates, inspection fees and miscellaneous charges have been adjusted based on our contract for water connection fees and the current cost of our equipment (a 15% administrative fee has been added to the cost).

Attached for your consideration is the following information:

- Water & Sewer Rate Resolutions:
  - a) Water Rate Resolution
  - b) Resolution for Huron-Rouge Sewer Rates (metered and unmetered)
  - c) Resolution for Novi-Walled Lake Sewer System
- City of Novi Water & Sewer Fund Financial Operating Information
- Water Rate History
- Huron Rouge Metered Sewer Rate History
- Huron Rouge Unmetered Sewer Rate History
- 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.

The City's rate policy has been computed to cover current costs including approximately 25% of depreciation. The City's Water & Sewer Fund is now able to include a portion of the depreciation as a result of the decrease in debt service. Bonds were paid off through the capital charges collected in the prior year. The interest expense in 2004-5 was \$779,900 and for 2007-8 is estimated \$79,900.

**RECOMMENDED ACTION:** Approval of Proposed Water & Sewer Rate Resolutions for 2007-2008

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

	1	2	Y	N
Council Member Mutch				
Council Member Nagy				
Council Member Paul				

### Example of Water & Sewer Charges using Huron Rouge Metered Rate

	2006-2007	2007-2008	Increase
<b>Quarterly:</b>			
<b>Water</b>			
1st 7,000 gallons	\$ 31.00	\$ 33.00	\$ 2.00
23,000 gallons	67.62	72.91	5.29
<b>Sewer</b>	66.30	69.60	3.30
	\$ 164.92	\$ 175.51	\$ 10.59
<b>Annually</b>	\$ 659.68	\$ 702.04	\$ 42.36
		#	6.42%

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

2006-2007	2007-2008	2007-2008
DWSD to Novi	DWSD to Novi	DWSD %
\$ 2.521	\$ 2.715	Novi to Customer
		Increase
		7.823% Increase
		3.170

Meter Size	Consumption	\$3.17/ 1,000 Gallons	Maintenance Fee	2007-2008 Minimum Rate	% Change
5/8"	7,000	\$ 22.19	\$ 10.45	\$ 33.00	6.45%
1"	15,000	47.55	10.45	58.00	7.41%
1 1/2"	20,000	63.40	10.45	74.00	7.25%
2"	30,000	95.10	10.45	106.00	8.16%
3"	50,000	158.50	10.45	169.00	7.64%
4"	60,000	190.20	10.45	201.00	7.49%
6"	90,000	285.30	10.45	296.00	7.64%

### City of Novi Sewer Rates Schedule

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

2006-2007	2007-2008	OCDC % Increase	2007-2008
OCDC to Novi	OCDC to Novi	Increase	Novi to Customer
\$ 1.769	\$ 1.769	0.00%	4.885% Increase
			\$ 2.21
			\$ 2.32

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

2006-2007	2007-2008	OCDC % Increase	2007-2008
OCDC to Novi	OCDC to Novi	Increase	Novi to Customer
\$ 66.15	\$ 66.15	0.00%	0.00% Increase
			\$ 77.00
			\$ 77.00

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City of Novi

Water & Sewer Rate Resolutions

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## CITY OF NOVI

45175 W Ten Mile Road  
Novi, Michigan 48375-3024

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### 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, 2007.

#### WATER RATES Minimum Rate Schedule

<u>Meter Size</u>	<u>Consumption</u>	<u>Minimum Rate per Quarter</u>
5/8"	1st 7,000 gallons	\$ 31.00
1"	1st 15,000 gallons	54.00
1 1/2"	1st 20,000 gallons	69.00
2"	1st 30,000 gallons	98.00
3"	1st 50,000 gallons	157.00
4"	1st 60,000 gallons	187.00
6" or larger	1st 90,000 gallons	275.00

**\$3.17 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</u>	<u>Private Street</u>
1"	5/8"	\$1,200	\$900
1"	1"	\$1,300	\$1,000
1 1/2"	1"	\$2,000	\$1,350

**EQUIPMENT FEES**

<u>Service Size</u>	<u>Meter Size</u>	<u>Public Street</u>	<u>Private Street</u>
1 1/2"	1 1/2"	\$2,400	\$1,575
2"	1 1/2"	\$2,820	\$2,020
2"	2"	\$2,970	\$2,175

Service on Public Roads over 85 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>
1"	\$ 12.00
1 1/2"	\$ 14.00
2"	\$ 16.00

***An additional \$ 1,500 fee will be assessed for taps into a concrete water main.***

**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"	\$ 100	\$ 26	N/A	N/A	\$86
1"	182	46	N/A	N/A	86
1 1/2"	385	N/A	\$32	N/A	86
2"	518	N/A	37	N/A	86
3" (Turbine)	803	N/A	46	\$378	86
3" (Compound)	2,030	N/A	46	\$378	86
4" (Turbine)	1,366	N/A	58	\$509	86
4" (Compound)	2,888	N/A	58	\$509	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 of 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

**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 4th day of June 2007.

By: Maryanne Cornelius  
Its: City Clerk



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# 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 2007-2008,

**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, 2007.

#### BASE SEWER RATES

\$2.32 per thousand gallons for metered consumption, and  
\$77.00 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 4th day of June 2007.

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 \$67.56 per unit per quarter for all bills rendered after August 1, 2007.

#### 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 Air 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 4<sup>h</sup> day of June 2007.

By: Maryanne Cornelius  
Its: City Clerk



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City of Novi

Water & Sewer Rate Supplemental Information

Financial Operating Information

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CITY OF NOVI - WATER AND SEWER FUND (Excluding Special Assessment Funds & Donated Lines)

DESCRIPTION	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-06	ESTIMATED 2006-2007	BUDGET 2007-2008
<b>REVENUE</b>									
Sewer Service Charges	3,695,038	3,304,271	3,804,653	4,709,216	\$ 5,018,669	\$ 5,251,249	\$ 5,727,393	\$ 6,149,240	\$ 6,459,162
Water Sales	4,043,435	3,622,594	4,983,567	5,950,264	5,871,248	6,100,051	7,288,607	7,514,700	7,589,847
Water Installations	349,499	373,676	389,869	383,150	515,182	645,776	996,429	667,300	540,600
Sewer Inspection Fess	9,010	11,030	10,395	9,555	19,340	17,375	18,690	17,280	15,200
Penalty and Interest	119,716	99,375	103,518	93,096	120,731	119,955	126,202	115,980	123,220
Miscellaneous Income	189,865	134,443	211,569	233,284	365,065	248,045	257,252	287,090	243,400
<b>TOTAL REVENUE</b>	<b>8,406,564</b>	<b>7,545,389</b>	<b>9,503,572</b>	<b>11,378,565</b>	<b>11,910,235</b>	<b>12,382,451</b>	<b>14,413,573</b>	<b>14,751,590</b>	<b>14,971,429</b>
<b>OPERATING EXPENSES</b>									
Personal Services	683,112	754,149	747,881	802,337	862,389	922,122	1,056,528	1,130,485	1,122,707
Supplies	447,412	543,516	443,367	470,816	587,676	820,325	864,638	1,037,566	571,600
Depreciation	1,831,036	1,832,178	2,542,956	2,573,966	2,723,820	3,001,592	3,088,713	3,092,315	3,096,000
Other Services and Charges	8,687,944	8,645,659	7,728,433	10,312,288	10,965,406	11,921,651	12,596,291	13,226,106	13,954,373
<b>TOTAL EXPENSES</b>	<b>11,649,505</b>	<b>11,775,502</b>	<b>11,462,637</b>	<b>14,159,407</b>	<b>15,139,291</b>	<b>16,665,690</b>	<b>17,606,170</b>	<b>18,486,471</b>	<b>18,744,680</b>
<b>NET OPERATING LOSS</b>	<b>(3,242,941)</b>	<b>(4,230,113)</b>	<b>(1,959,065)</b>	<b>(2,780,842)</b>	<b>(3,229,056)</b>	<b>(4,283,239)</b>	<b>(3,192,597)</b>	<b>(3,734,881)</b>	<b>(3,773,251)</b>
Interest on Investments	1,080,151	1,483,273	1,054,197	1,051,138	1,282,793	1,646,971	1,816,468	1,607,900	1,575,700
<b>\$ (2,162,790)</b>	<b>\$ (2,746,840)</b>	<b>\$ (904,868)</b>	<b>\$ (1,729,704)</b>	<b>\$ (1,966,263)</b>	<b>\$ (1,966,263)</b>	<b>\$ (2,636,268)</b>	<b>\$ (1,376,129)</b>	<b>\$ (2,126,981)</b>	<b>\$ (2,197,551)</b>

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City of Novi

Water & Sewer Rate Supplemental Information

Water Rate History & DWSD Rate Information

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**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
80-81	\$5.50	\$0.735			\$7.872	\$1.050		12/01/80	
82-83	\$8.25	\$1.103	50.000%		\$12.296	\$1.640	56.190%	07/01/82	<b>48.70%</b>
83-84	\$8.83	\$1.180	7.030%		\$12.296	\$1.640	0.000%	07/01/82	<b>38.94%</b>
84-85	\$6.90	\$0.922	-21.857%		\$9.372	\$1.250	-23.780%	08/01/84	<b>35.52%</b>
85-86	\$7.39	\$0.988	7.101%		\$9.297	\$1.240	-0.800%	07/01/85	<b>25.52%</b>
86-87	\$7.59	\$1.015	2.706%		\$9.297	\$1.240	0.000%	07/01/85	<b>22.21%</b>
87-88	\$7.22	\$0.965	-4.875%		\$9.297	\$1.240	0.000%	07/01/85	<b>28.47%</b>
88-89	\$7.55	\$1.009	4.571%		\$8.322	\$1.110	-10.484%	07/01/88	<b>9.98%</b>
89-90	\$7.55	\$1.009	0.000%		\$8.322	\$1.110	0.000%	07/01/88	<b>9.98%</b>
91-92	\$8.66	\$1.158	7.444%	07/01/91	\$8.322	\$1.110	0.000%	07/01/88	<b>-4.12%</b>
92-93	\$9.51	\$1.271	9.815%	07/01/92	\$11.171	\$1.490	34.234%	04/01/92	<b>17.20%</b>
93-94	\$9.51	\$1.271	0.000%	07/01/93	\$11.171	\$1.490	0.000%	04/01/92	<b>17.20%</b>
94-95	\$10.20	\$1.364	7.256%	07/01/94	\$11.171	\$1.490	0.000%	04/01/92	<b>9.27%</b>
95-96	\$10.51	\$1.405	3.039%	07/01/95	\$11.171	\$1.490	0.000%	04/01/92	<b>6.05%</b>
96-97	\$10.62	\$1.420	1.047%	07/01/97	\$12.296	\$1.640	10.067%	04/01/92	<b>15.52%</b>
97-98	\$11.06	\$1.479	4.143%	07/01/97	\$13.495	\$1.800	9.756%	08/01/97	<b>21.74%</b>
98-99	\$11.82	\$1.580	6.872%	07/01/98	\$13.945	\$1.860	3.333%	07/01/98	<b>17.71%</b>
99-00	\$12.15	\$1.624	2.792%	07/01/99		no increase			<b>14.52%</b>
00-01	\$12.43	\$1.662	2.305%	07/01/00	\$14.245	\$1.900	2.151%	08/01/00	<b>14.34%</b>
01-02	\$14.13	\$1.889	13.677%	07/01/01	\$16.194	\$2.160	13.684%	08/01/01	<b>14.35%</b>
02-03	\$16.19	\$2.164	14.579%	07/01/02	\$18.593	\$2.480	14.815%	08/01/02	<b>14.59%</b>
03-04	\$16.66	\$2.227	2.903%	07/01/03	\$19.118	\$2.550	2.823%	08/01/03	<b>14.50%</b>
04-05	\$16.97	\$2.269	1.861%	07/01/04	\$19.493	\$2.600	1.961%	08/01/04	<b>14.61%</b>
05-06	\$18.11	\$2.421	6.718%	07/01/05	\$20.843	\$2.780	6.923%	08/01/05	<b>14.83%</b>
06-07	\$18.86	\$2.521	4.141%	07/01/06	\$22.042	\$2.940	5.755%	08/01/06	<b>16.61%</b>
07-08	\$20.31	\$2.715	7.688%	07/01/07	\$23.683	\$3.170	7.823%	08/01/07	<b>16.76%</b>



CITY OF DETROIT  
WATER AND SEWERAGE DEPARTMENT  
GENERAL ADMINISTRATION

735 RANDOLPH STREET  
CITY OF DETROIT, MICHIGAN 48226-2830  
CITY CLERK'S PHONE 313-224-4800/224-4801  
FAX 313-224-6067

07 MAR 19 PM 2:00

March 16, 2007

**TO:** All Water and Sewerage Customers of the  
Detroit Water and Sewerage Department

**RE:** **FY 2007/08 Water and Sewage Rates and Charges**

This letter is submitted to officially notify you of the new water and/or sewage rates and charges confirmed by the Detroit City Council on March 16, 2007.

The rates and charges applicable to your community are indicated on the enclosed. These rates and charges will be effective on all bills rendered by the Detroit Water and Sewerage Department as of August 1, 2007. They will apply to flows/usage by your community beginning July 14, 2007.

The external audit activities for FY 2005/06 are still in progress. Calculation of the FY 2005/06 Sewage Look-Back Adjustment will be the final step in the process. Once this is complete, the appropriate total net credit or debit adjustment will be prorated over a 12-month period. The Department will submit the net Look-Back adjustment schedule to each community in a separate mailing. The adjustment will be applied equally on each regular service bill rendered by the Department commencing August 1, 2007, and ending July 1, 2008.

Sincerely,

Victor M. Mercado  
Director

VM/RC/rjc  
Enclosures

**APPROVED FISCAL YEAR 2007-2008  
WATER RATES**

Community: **Novi**

	<u>FY 2006/2007</u>	<u>FY 2007/2008</u>
Max Day Factor	<b>2.3</b>	<b>2.2</b>
Peak Hour Factor	<b>2.8</b>	<b>2.8</b>
Distance Factor	<b>31.4</b>	<b>31.4</b>
Elevation	<b>926.0</b>	<b>936.0</b>
Elevation Factor	<b>62.3</b>	<b>62.3</b>

Recommended Consumption Rate:                      per Mcf                      

<b>\$20.31</b>
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**APPROVED FISCAL YEAR 2007 - 08  
SUBURBAN SEWAGE RATES**

Community: Novi

Servicing Authority: Middle Rouge Valley District

	<u>User Charge</u> \$	<u>Capital Portion</u> \$	<u>Gross Rate</u> \$	<u>2005-06 Look-Back Adjustment</u> \$	<u>Net Rate</u> \$
A) Flow Rate (Per 1,000 Cubic Feet)	5.38	4.42	9.80		
Monthly Charge:	93,739.41	137,625.96	231,365.37		
Annual Look-Back Adjustment (a)				Not Available	
B) Proposed Industrial Surcharge Rates, Per Excess Pound:					
1. Biochemical Oxygen Demand (BOD) in excess of 275 mg/l	0.183	0.085	0.268	Not Available	Not Available
2. Total Suspended Solids (TSS) in excess of 350 mg/l	0.224	0.066	0.290	Not Available	Not Available
3. Phosphorus (P) in excess of 12 mg/l	3.096	0.607	3.703	Not Available	Not Available
4. Fats, Oils, & Grease (FOG) in excess of 100 mg/l	0.106	0.095	0.201	Not Available	Not Available
C) Proposed Industrial Waste Control Charge, per month:					
	<u>Non-Residential Meter Size</u>				
	5/8"	5.65	0.14	5.79	Not Available
	3/4"	8.48	0.21	8.69	Not Available
	1"	14.13	0.35	14.48	Not Available
	1-1/2"	31.08	0.77	31.85	Not Available
	2"	45.20	1.12	46.32	Not Available
	3"	81.93	2.03	83.96	Not Available
	4"	113.00	2.80	115.80	Not Available
	6"	169.50	4.20	173.70	Not Available
	8"	282.50	7.00	289.50	Not Available
	10"	395.50	9.80	405.30	Not Available
	12"	452.00	11.20	463.20	Not Available
	14"	565.00	14.00	579.00	Not Available
	16"	678.00	16.80	694.80	Not Available
	18"	791.00	19.60	810.60	Not Available
	20"	904.00	22.40	926.40	Not Available
	24"	1,017.00	25.20	1,042.20	Not Available
	30"	1,130.00	28.00	1,158.00	Not Available
	36"	1,243.00	30.80	1,273.80	Not Available
	48"	1,356.00	33.60	1,389.60	Not Available

(a) Adjustments to be prorated over a 12 month period on bills issued during FY 2007-08.

CITY OF DETROIT  
WATER AND SEWERAGE DEPARTMENT  
GENERAL ADMINISTRATION

C: Clark  
Sigma  
Honor  
Deves  
CITY OF NOVI  
CITY CLERK'S OFFICE

FOR YOUR INFORMATION  
735 RANDOLPH STREET  
DETROIT, MICHIGAN 48226-2830  
PHONE 313•224•4800/224•4801  
FAX 313•224•6067  
WWW.CI.DETROIT.MI.US

September 22, 2006 06 SEP 25 PM 2:07

**TO: All Water and Sewerage Contractual Customers**

**SUBJECT: FY 2007/08 Projected Water and Sewage Volumes**

Dear Customer:


We wish to inform you that we have begun tasks associated with projected 2007/08 rate analysis and development. Our first step is to project the sales volume for each customer. Preliminary estimates have been calculated, and the projected sale volumes that pertain to your community are indicated on the enclosed schedules. We request your assistance in reviewing these figures, and submitting any related comments prior to our finalizing the projected volumes for use in the rate models.

The enclosures consist of a schedule(s) related to water volumes and/or a schedule(s) related to sewage volumes. In addition, the schedules list historical volumes recorded for a ten (10) year period, and accompanying graphs. It also includes our preliminary projections for FY 2007/08.

Please submit any comments in writing to the attention of Mr. Raphael Chirolla, Rates Section at 735 Randolph Street – 20<sup>th</sup> Floor, Detroit, Michigan 48226, no later than Monday, October 9, 2006. If we do not receive any comments from you by the due date, the enclosed information will be used as the basis in formulating the 2007/08 water and/or sewer rates. If there are any related questions, please contact Mr. Chirolla at (313) 964-9202.

Thank you in advance for your assistance and cooperation.

Respectfully Submitted,



Victor M. Mercado  
Director



12/11/06

**FY 2007-08 RATE CALCULATION**

**COMMUNITY: Novi**

SERVICE CATEGORY	A	B	C	D	E
	Factors	Units of Service	Applied Units	Unit Cost	Allocated Costs
1 BASE (Mcf / Day)		908.2	1,018.1	\$1,075.94	\$1,095,420 (a)
2 MAX DAY	2.2	1,998.0	1,089.8	609.17	663,869
3 PEAK HOUR	2.8	2,542.9	544.9	276.63	150,738
4 BASE DISTANCE	31.4		31,968.3	10.69	341,803
5 MAX DAY DISTANCE			34,219.7	9.20	314,812
6 PEAK HOUR DISTANCE			17,109.9	9.20	157,407
7 BASE DISTANCE-ELEVATION (b)	62.3		63,427.6	12.21	774,619
8 MAX DAY DISTANCE-ELEVATION			67,894.5	31.15	2,115,030
9 PEAK HOUR DISTANCE-ELEVATION			33,947.3	31.15	1,057,516
10 CUSTOMER A (COMMERCIAL)		108		2.99	323
11 CUSTOMER B (METERS)		1,919		32.40	62,181
12 TOTAL FY 2008 REVENUE REQUIREMENT					<b>\$6,733,718</b>
13 FY 2008 VOLUME					331,500 Mcf
14 FY 2008 RATE					<b>\$20.31 per Mcf</b>

(a) Applied units include Unaccounted for Water (UAW) @ 12.1% of sales based on distance factor.  
 (b) Elevation Factor = 936 - 610 = 326 feet / 10.56 = 30.9 miles + 31.4 miles = 62.3 miles.

TOTAL	Unit Costs - \$/Mcf Water Sales				
	Base	Max Day	Peak Hour	TOTAL	
Regular	3.30	2.00	0.45	5.76	Lns 1-3
Distance	1.03	0.95	0.47	2.46	Lns 4-6
Dist/Elev	2.34	6.38	3.19	11.91	Lns 7-9
Other	0.19			0.19	Lns 10-11
<b>TOTAL</b>	<b>6.86</b>	<b>9.33</b>	<b>4.12</b>	<b>20.31</b>	
Treatment	3.30	2.00		5.31	
Pipes / Meters	1.22	0.95	0.47	2.64	
Storage / Pumping	2.34	6.38	3.64	12.36	

Water Supply System  
Preliminary Proposed Rates for FY 2007-08

	Existing Rates	Proposed Rates	Variance	% Variance	Change in Max Day Factor	Change in Peak Hour Factor	Change in Peak Hour Increment
City of Detroit Retail (a)	14.59	15.84	1.25	8.5%	-	-	-
Suburban Wholesale (b) (c)	11.29	11.81	0.53	4.7%	(0.1)	(0.0)	(0.1)
<b>Total System</b>	<b>11.96</b>	<b>12.63</b>	<b>0.67</b>	<b>5.6%</b>	<b>(0.0)</b>	<b>0.0</b>	<b>(0.0)</b>

(a) Includes Suburban Individual and Fire Protection; expressed as average unit cost

(b) Expressed as average unit cost

(c) Detailed Suburban Wholesale

1 Allen Park	8.76	9.44	0.68	7.8%	(0.1)	(0.2)	(0.1)
2 Ash Township	9.73	9.10	(0.63)	-6.5%	0.2	0.1	(0.1)
3 Auburn Hills	13.29	14.95	1.66	12.5%	0.1	0.2	0.1
4 Belleville	12.54	14.29	1.75	14.0%	-	(0.1)	(0.1)
5 Berlin Township	12.85	13.05	0.20	1.6%	(0.1)	0.1	0.2
6 Bloomfield Hills	15.64	17.42	1.78	11.4%	(0.1)	-	0.1
7 Bloomfield Township	18.01	19.43	1.42	7.9%	(0.1)	-	0.1
8 Brownstown Township	11.64	12.20	0.56	4.8%	(0.1)	-	0.1
9 Canton Township	16.59	17.76	1.17	7.1%	(0.1)	(0.3)	(0.2)
10 Center Line	8.66	8.06	(0.60)	-6.9%	0.1	0.1	-
11 Chesterfield Township	11.28	12.19	0.91	8.1%	-	-	-
12 Clinton Township	8.06	8.42	0.36	4.5%	(0.1)	0.2	0.3
13 Commerce Township	24.29	27.94	3.65	15.0%	-	-	-
14 Dearborn	7.41	7.71	0.30	4.0%	(0.2)	(0.2)	0.0
15 Dearborn Heights	8.38	7.89	(0.49)	-5.8%	(0.1)	0.1	0.2
16 Eastpointe	7.30	7.72	0.42	5.8%	0.1	-	(0.1)
17 Ecorse	5.50	5.68	0.18	3.3%	(0.1)	(0.1)	0.0
18 Farmington	12.50	12.65	0.15	1.2%	-	-	-
19 Farmington Hills	15.01	16.08	1.07	7.1%	-	0.1	0.1
20 Ferndale	7.66	8.25	0.59	7.7%	(0.2)	(0.2)	(0.0)
21 Flat Rock	10.29	9.80	(0.49)	-4.8%	-	-	-
22 Flint	11.09	11.35	0.26	2.3%	-	0.1	0.1
23 Fraser	8.48	9.16	0.68	8.0%	-	-	-
24 Garden City	10.62	11.15	0.53	5.0%	-	(0.1)	(0.1)
25 Gibraltar	10.37	10.32	(0.05)	-0.5%	(0.1)	(0.3)	(0.2)
26 Greater Lapeer C.U.A.	12.83	10.84	(1.99)	-15.5%	-	0.1	0.1
27 Grosse Ile Township	10.06	10.90	0.84	8.3%	(0.1)	(0.1)	0.0
28 Grosse Pt. Park	8.43	8.42	(0.01)	-0.1%	(0.2)	(0.2)	-
29 Grosse Pt. Shores	10.62	10.42	(0.20)	-1.9%	(0.1)	-	0.1
30 Grosse Pt. Woods	9.32	9.68	0.36	3.9%	(0.1)	(0.2)	(0.1)
31 Hamtramck	6.17	5.63	(0.54)	-8.8%	(0.1)	(0.1)	0.0
32 Harper Woods	8.48	8.44	(0.04)	-0.5%	0.1	(0.2)	(0.3)
33 Harrison Township	9.39	9.24	(0.15)	-1.6%	-	(0.2)	(0.2)
34 Hazel Park	7.84	7.48	(0.36)	-4.6%	-	0.2	0.2
35 Huron Township	11.33	12.82	1.49	13.2%	(0.1)	(0.1)	0.0
36 Inkster	7.69	7.48	(0.21)	-2.7%	0.1	(0.2)	(0.3)
37 Keego Harbor	12.45	11.85	(0.60)	-4.8%	(0.4)	(0.9)	(0.5)
38 Lenox Twp.	11.51	7.67	(3.84)	-33.4%	0.1	0.1	-
39 Lincoln Park	7.53	8.16	0.63	8.4%	0.1	0.1	-
40 Livonia	11.06	12.18	1.12	10.1%	-	-	-
41 Macomb Township	12.50	13.32	0.82	6.6%	(0.1)	-	0.1

**Water Supply System**  
**Functional Breakdown of Preliminary Proposed Rates for FY 2007-08**

	Treatment	Pipes & Meters	Storage & Pumping	Total
City of Detroit Retail (a)	7.92	6.25	1.66	15.84
Suburban Wholesale (b) (c)	4.54	1.80	5.47	11.81
<b>Total System</b>	<b>5.24</b>	<b>2.70</b>	<b>4.69</b>	<b>12.63</b>
(a) Includes Suburban Individual and Fire Protection; expressed as average unit cost				
(b) Expressed as average unit cost				
<u>(c) Detailed Suburban Wholesale</u>				
1 Allen Park	4.35	1.54	3.54	9.44
2 Ash Township	4.01	1.78	3.31	9.10
3 Auburn Hills	4.94	1.97	8.03	14.95
4 Belleville	4.49	2.57	7.22	14.29
5 Berlin Township	4.51	2.57	5.98	13.05
6 Bloomfield Hills	5.42	2.03	9.96	17.42
7 Bloomfield Township	5.42	2.30	11.72	19.43
8 Brownstown Township	4.78	2.21	5.21	12.20
9 Canton Township	5.31	2.74	9.71	17.76
10 Center Line	4.15	1.22	2.69	8.06
11 Chesterfield Township	4.94	2.08	5.17	12.19
12 Clinton Township	4.38	1.31	2.73	8.42
13 Commerce Township	6.14	3.30	18.50	27.94
14 Dearborn	4.01	1.10	2.59	7.71
15 Dearborn Heights	3.87	1.24	2.78	7.89
16 Eastpointe	3.82	1.23	2.67	7.72
17 Ecorse	3.51	0.85	1.31	5.68
18 Farmington	4.42	1.87	6.36	12.65
19 Farmington Hills	5.10	2.28	8.70	16.08
20 Ferndale	4.16	1.21	2.88	8.25
21 Flat Rock	4.29	1.80	3.70	9.80
22 Flint	4.04	2.30	5.01	11.35
23 Fraser	4.35	1.42	3.39	9.16
24 Garden City	4.40	1.83	4.92	11.15
25 Gibraltar	4.13	2.01	4.18	10.32
26 Greater Lapeer C.U.A.	3.98	2.29	4.57	10.84
27 Grosse Ile Township	4.59	1.94	4.37	10.90
28 Grosse Pt. Park	4.32	1.23	2.87	8.42
29 Grosse Pt. Shores	5.33	1.69	3.40	10.42
30 Grosse Pt. Woods	4.66	1.46	3.55	9.68
31 Hamtramck	3.47	0.93	1.23	5.63
32 Harper Woods	4.16	1.28	3.00	8.44
33 Harrison Township	4.38	1.49	3.37	9.24
34 Hazel Park	3.82	1.20	2.47	7.48
35 Huron Township	4.79	2.23	5.79	12.82
36 Inkster	3.56	1.24	2.68	7.48
37 Keego Harbor	4.12	1.72	6.02	11.85
38 Lenox Twp.	3.64	1.98	2.06	7.67
39 Lincoln Park	4.01	1.29	2.86	8.16
40 Livonia	4.58	1.89	5.71	12.18
41 Macomb Township	5.42	2.16	5.73	13.32

# N.E. Wayne County Sewer Rate Calculation FY 2007-08 Rate Year

## Part 1 - Units of Service

Line	Unit	Amount	Reference	Comment
1	Mcf	1,500,000		
2	Mcf	978,827	(1)-(3)-(4)	Metered less Local Community Infiltration/Inflow (Lns 3&4)
3	Mcf	227,574	GDRSS Data	Includes Local Community plus common sewers/Interceptors
4	Mcf	314,944	GDRSS Data	
5		30.8%		Universal for all customers
6	Mcf	217,941	(4) x [1- (5)]	
7	Mcf	1,424,343	(2)+(3)+(6)	Higher than metered flow due to common sewer/interceptor I/I
8	Mcf	28,355,650		
9		5.02% (7)/(8)		<b>Represents Customer's share of "common" flow cost</b>
10	lbs	10,296,292	116 mg/l	Lower than volume share due to higher strengths of monitored industries
11	lbs	13,684,306	154 mg/l	Lower than volume share due to higher strengths of monitored industries
12	lbs	297,794	3.4 mg/l	Lower than volume share due to higher strengths of monitored industries
13	lbs	1,709,808	19.2 mg/l	Lower than volume share due to higher strengths of monitored industries
14		1.17% 1999 RSA		<b>Represents Customer's share of DWSD New CSO Facilities cost</b>

## Part 2 - Cost Allocation

Line	Units	Unit Cost (a)	Allocated Rev Req'd (1)*(2)	Comment
1	0	1.819	0	
2	1,424,343	0.200	284,882	Collection System Costs
3	0	0.418	0	Collection System Costs
4	0	0.644	0	Collection System Costs
5	1,424,343	0.032	45,948	Collection System Costs
6	1,424,343	0.219	312,243	Collection System Costs
7	1,424,343	4.796	6,830,759	Collection System Costs
8	10,296,292	0.268	2,761,830	Common Collection & WWTP Costs
9	13,684,306	0.290	3,972,875	WWTP Costs
10	297,794	3.703	1,102,823	WWTP Costs
11	1,709,808	0.201	343,600	WWTP Costs
12	1.17%	27,872,140	327,207	
13			<b>15,981,567</b>	<b>Represents Unadjusted Annual Revenue Requirement Allocated to Customer</b>

(a) Unit Costs are uniform for every customer

PRELIMINARY PROPOSED

Sewage Disposal System  
Preliminary Results of Cost Allocation to Customers

	Revenue Under Existing Rates	Allocated Revenue Requirement	Variance	% Variance
City of Detroit Retail Total (a)	166,537,530	182,727,963	16,190,433	9.7%
Suburban Wholesale (b)	181,526,124	186,780,977	5,254,853	2.9%
Industrial Specific	17,693,746	18,230,860	537,114	3.0%
<b>Total System</b>	<b>365,757,400</b>	<b>387,739,800</b>	<b>21,982,400</b>	<b>6.0%</b>
(a) Includes Suburban Individual				
(b) Detailed Suburban Wholesale				
<b><u>Billing Meter Customers</u></b>				
Allen Park	437,733	422,816	(14,917)	-3.4%
Center Line	733,004	747,078	14,074	1.9%
Clinton-Oakland	17,160,617	17,422,143	261,526	1.5%
Dearborn East	5,443,214	5,352,698	(90,516)	-1.7%
Dearborn West	5,777,830	5,853,279	75,449	1.3%
Evergreen-Farmington	23,683,607	24,018,490	334,883	1.4%
Farmington	748,768	749,079	311	0.0%
Grosse Pointe Park	1,148,921	1,161,000	12,079	1.1%
Macomb County	34,550,264	36,970,849	2,620,585	7.6%
Melvindale	923,007	939,965	16,658	1.8%
N.E. Wayne County	15,247,769	15,500,387	152,618	1.0%
Rouge Valley	34,722,616	35,110,857	385,241	1.1%
S.E. Oakland County	30,308,276	31,133,571	830,295	2.7%
<b>Subtotal</b>	<b>170,783,926</b>	<b>175,382,213</b>	<b>4,598,287</b>	<b>2.7%</b>
<b><u>System Meter Customers</u></b>				
Dearborn E. (Storm Only)	623,240	682,316	59,076	9.5%
Dearborn N.E.	995,887	978,795	(17,092)	-1.7%
Grosse Pointe	827,817	832,250	4,433	0.5%
Grosse Pointe Farms	1,726,203	1,709,723	(16,480)	-1.0%
Hamtramck	2,460,734	2,751,568	290,834	11.8%
Harper Woods	167,148	152,540	(14,608)	-8.7%
Highland Park	3,705,729	4,052,425	346,696	9.4%
Redford Township	92,181	94,877	2,696	2.9%
Wayne County #3	33,687	34,018	331	1.0%
Wayne County #6	109,572	110,253	681	0.6%
<b>Subtotal</b>	<b>10,742,198</b>	<b>11,398,764</b>	<b>656,566</b>	<b>6.1%</b>

**Summary of Wholesale Sewage Commodity Rates  
Rate Year 2007-08**

<u>Customer</u>	<u>FY 2006 Volume Charge \$/Mcf</u>	<u>Existing FY 2007 Volume Charge \$/Mcf</u>	<u>Proposed FY 2008 Volume Charge \$/Mcf</u>	<u>Change FY 2008 from FY 2007 \$/Mcf</u>	<u>Percent Change</u>
<b><u>Billing Meter Customers</u></b>					
Allen Park	8.17	8.43	8.04	(0.39)	-4.63%
Center Line	10.46	10.96	11.16	0.20	1.82%
Clinton-Oakland	10.26	10.67	10.79	0.12	1.12%
Dearborn East	7.70	7.75	7.57	(0.18)	-2.32%
Dearborn West	8.12	8.40	8.52	0.12	1.43%
Evergreen-Farmington	9.76	10.14	10.27	0.13	1.28%
Farmington	8.66	9.11	9.09	(0.02)	-0.22%
Grosse Pointe Park	9.19	9.66	9.75	0.09	0.93%
Macomb County	10.21	10.68	10.82	0.14	1.31%
Melvindale	8.73	8.97	9.12	0.15	1.67%
N.E. Wayne County	8.20	8.50	8.57	0.07	0.82%
Rouge Valley	9.39	9.71	9.80	0.09	0.93%
S.E. Oakland County	7.75	8.07	8.31	0.24	2.97%
<i>Average Billing Meter Customers</i>	<i>9.09</i>	<i>9.44</i>	<i>9.56</i>	<i>0.12</i>	<i>1.27%</i>
<b><u>System Meter Customers</u></b>					
Dearborn E. (Storm Only)	NA	NA	NA	NA	NA
Dearborn N.E.	16.55	17.04	16.57	(0.47)	-2.76%
Grosse Pointe	14.60	16.05	15.99	(0.06)	-0.37%
Grosse Pointe Farms	14.89	16.45	16.08	(0.37)	-2.25%
Hamtramck	15.89	19.32	22.38	3.06	15.84%
Harper Woods	22.29	23.41	21.13	(2.28)	-9.74%
Highland Park	13.36	14.09	15.69	1.60	11.36%
Redford Township	28.52	31.82	32.56	0.54	1.70%
Wayne County #3	181.65	68.76	66.73	(2.03)	-2.95%
Wayne County #6	17.55	16.47	16.09	(0.38)	-2.31%
<i>Average System Meter Customers</i>	<i>14.76</i>	<i>16.12</i>	<i>17.28</i>	<i>1.16</i>	<i>7.20%</i>
<b>Average Suburban Wholesale</b>	<b>9.28</b>	<b>9.65</b>	<b>9.78</b>	<b>0.13</b>	<b>1.35%</b>

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City of Novi

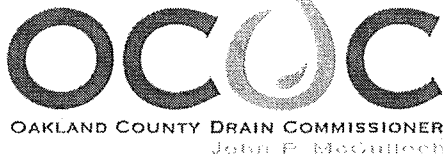
Water & Sewer Rate Supplemental Information

Huron Rouge Metered Rate History and OCDC Rate  
Information (approximately 80% of Novi users)

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

Year	OCDC to Novi		% of Increase	Effective Date	Novi to Customer		% of Increase	Effective Date	% INCREASE OVER WHOLESALE
	per/1000 cu. ft.	per/1000 gals.			per/1000 cu. ft.	per/1000 gals.			
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	<b>40.68%</b>
80-81						no increase			
81-82	\$5.38	\$0.720	22.034%			\$0.96	15.663%	07/01/81	<b>33.33%</b>
82-83	\$5.52	\$0.740	2.778%			\$1.00	4.167%	07/01/82	<b>35.14%</b>
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	<b>19.23%</b>
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	<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>





April 26, 2007

*Rec'd 5-4-07  
cc: KSR  
Robb  
Benny McC  
Tim Siskin*

**John P. McCulloch**  
DRAIN COMMISSIONER  
OAKLAND COUNTY

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

**Kevin R. Larsen**  
CHIEF DEPUTY  
DRAIN COMMISSIONER

Re: Huron-Rouge Sewage Disposal System 2007/2008 Rate Review

Dear Mr. Pearson:

Notification was 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, 2007.

Wayne County's sewage disposal charge will increase to \$9.80 per 1,000 cubic feet while decreasing the costs of fixed and excess flow charges from the current rate of \$1.67 per MCF to \$1.50 per MCF.

We are recommending effective July 1, 2007, to continue a Major Maintenance Reserve in the amount of \$1.08 per MCF, an increase of \$0.08 per MCF for the Huron-Rouge Sewage Disposal System. The reserve will fund major maintenance issues which may arise in the years ahead.

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 remain the same at \$13.23 per MCF, effective July 1, 2007.

A summary and comparison of the 2006/2007 and 2007/2008 rate components is as follows:

Rate Calculation	2006/2007	2007/2008	Inc. / (Dec.)	
	Current Rate (MCF)	Proposed Rate (MCF)	\$	%
Wayne County Rate	\$9.71	\$9.80	\$0.09	0.93%
Wayne Cty. Fixed & Excess Flow Charge	1.67	1.50	(0.17)	-10.18%
OCDC Operating & Maintenance Cost	0.85	0.85	0.00	0.00%
Reserve for Major Maintenance	1.00	1.08	0.08	100.00%
<b>Total</b>	<b>\$13.23</b>	<b>\$13.23</b>	<b>\$0.00</b>	<b>0.00%</b>
<b>Unit Charge per Quarter (5x)</b>	<b>\$66.15</b>	<b>\$66.15</b>	<b>\$0.00</b>	<b>0.00%</b>

Sincerely,

*[Signature]*  
John P. McCulloch

cc: Zora Singer, City of Novi  
Benny McCusker, City of Novi



**HURON-ROUGE SEWAGE DISPOSAL SYSTEM**  
**SCHEDULE OF RATES AND CHARGES EFFECTIVE JULY 1, 2007**

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 \$13.23 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 \$66.15 per unit effective July 1, 2007.

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.

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City of Novi

Water & Sewer Rate Supplemental Information

Huron Rouge Unmetered Rate History

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City of Novi Unmetered Huron Rouge Sanitary Rates						
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
81-82	no increase					
82-83	\$36.90	2.614%		\$40.00	4.167%	07/01/82
83-84	\$39.64	7.425%		\$40.00	0.000%	01/01/83
84-85	\$29.15	-26.463%		\$38.40	-4.000%	08/01/84
	\$29.15	0.000%		\$34.88	-9.167%	08/15/84
85-86	\$29.15	0.000%		\$31.88	-8.601%	07/01/85
86-87	\$34.55	18.525%	07/01/87	\$31.88	0.000%	07/01/85
87-88	no increase					
88-89	no increase			\$37.50	17.629%	07/01/88
89-90	no increase					
90-91	no increase					
91-92	no increase			\$42.75	14.000%	04/01/92
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
98-99	\$42.45	17.427%		\$50.78	14.991%	07/01/98
99-00	\$46.55	9.658%	07/01/99	\$52.99	4.352%	08/01/99
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
02-03	\$54.25	18.579%	07/01/02	\$65.00	20.370%	08/01/02
03-04	\$59.95	10.511%	07/01/03	\$71.00	9.231%	08/01/03
04-05	\$66.00	10.088%	07/01/04	\$78.00	9.859%	08/01/04
05-06	\$62.15	-5.833%	07/01/05	\$74.00	-5.128%	08/01/05
06-07	\$66.15	6.436%	07/01/06	\$77.00	4.054%	08/01/06
07-08	\$66.15	0.000%	07/01/07	\$77.00	0.000%	08/02/06

% INCREASE  
OVER  
WHOLESALE

6.79%

8.40%

0.91%

31.73%

19.66%

9.37%

-7.73%

8.54%

23.73%

22.16%

19.62%

13.83%

18.03%

19.82%

18.43%

18.18%

19.07%

16.40%

16.40%

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City of Novi

Water & Sewer Rate Supplemental Information

Walled Lake Arm Sewer Rate History

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<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>



May 7, 2007

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 2006, it has been determined to increase the rate for FY 2007/2008.

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.

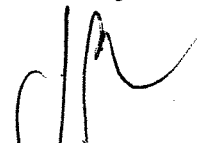
Therefore, please be advised that the rates for the Walled Lake-Novı Sewage Disposal System will increase to \$58.75 per unit quarterly effective August 1, 2007.


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 ✓



Walled Lake Novi WWTP Long Range Project Plan

Attachment A

Task	FY 2008		FY 2009		FY 2010		FY 2011		FY 2012	
	Rates	Reserves	Rates	Reserves	Rates	Reserves	Rates	Reserves	Rates	Reserves
Air Supply Header Leaks		\$52,500								
North tank drain line crushed		\$52,000								
Leak into Tunnel from PEW Line		\$5,000								
South Tank Painting				\$150,000						
South Tank Structural Repairs				\$25,000						
East Tank Structural Repairs						\$35,000		\$25,000		
West Tank Structural Repairs										\$25,000
Entrance Gate Replacement										
Security Camera Installation at Gate										\$30,000
Motion Sensor Installation										\$10,000
Pavement Repairs				\$5,000					\$5,000	
PEW Tank misc repairs										
Miscellaneous Underground Repairs				\$10,000					\$10,000	
Enunciator Panel to Raise Retained Earnings		\$50,000		\$50,000					\$50,000	
<b>Totals</b>	<b>\$50,000</b>	<b>\$109,500</b>	<b>\$65,000</b>	<b>\$175,000</b>	<b>\$65,000</b>	<b>\$35,000</b>	<b>\$66,000</b>	<b>\$75,000</b>	<b>\$65,000</b>	<b>\$25,000</b>

Walled Lake Novi Sewer System Recommended Improvements

Pump Stations	FY 2008		FY 2009		FY 2010		FY 2011		FY 2012	
	Rates	Reserves	Rates	Reserves	Rates	Reserves	Rates	Reserves	Rates	Reserves
Ausin		\$20,000								
Delta		\$20,000			\$12,000					
Ladd Road		\$20,000			\$12,000					
Decker				\$20,000	\$24,000					
Maples of Novi								\$30,000		
South Commerce				\$20,000	\$12,000					
<b>Totals</b>	<b>\$0</b>	<b>\$60,000</b>	<b>\$40,000</b>	<b>\$0</b>	<b>\$60,000</b>	<b>\$0</b>	<b>\$30,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>