



CITY of NOVI CITY COUNCIL

**Agenda Item C
December 17, 2007**

SUBJECT: Approval of the resolution setting an option for non-residential water and sewer users requiring more than one (1) tap unit factor to install an irrigation meter for purposes of determining the sewer connection fees.

SUBMITTING DEPARTMENT: Finance/Water & Sewer Financial Services

CITY MANAGER APPROVAL: 

Attached is the resolution setting an option for non-residential water and sewer users to install a separate irrigation meter at their expense for the purposes of computing sewer tap units only. The monitoring would be done for both the regular meter and the irrigation meter. At the end of the three year monitoring period, the user's connection charges would be computed using 100% of both meters for purposes of the water capital charges, 100% of the regular meter for the purposes of sewer capital charges, and 20% of the irrigation meter for the remaining sewer capital charges. The 20% represents the infiltration factor identified in the last wastewater master plan. Users will continue to pay 100% of the usage charges for both water and sewer.

RECOMMENDED ACTION: Approval of the resolution setting an option for non-residential water and sewer users requiring more than one (1) tap unit factor to install an irrigation meter for purposes of determining the sewer connection fees.

	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				

CITY OF NOVI

COUNTY OF OAKLAND, MICHIGAN

RESOLUTION SETTING AN OPTION FOR NON-RESIDENTIAL USERS
REQUIRING MORE THAN ONE (1) TAP UNIT FACTOR TO INSTALL AN
IRRIGATION METER FOR PURPOSES OF DETERMINING THE SEWER
CONNECTION FEES

Minutes of a _____ Meeting of the City Council of the City of Novi,
County of Oakland, Michigan, held in the City Hall in said City on
_____, 2007, at _____ 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 Novi City Council has on December 3, 1979, January 28, 1980,
April 10, 1991, February 24, 1992 and April 26, 1993 adopted Resolutions to
permit industrial and commercial Users of the City of Novi Sewer System and
City of Novi Water Supply System to enter into monitoring agreements with the
City to determine appropriate unit factors based upon actual usage.

WHEREAS, the Novi City Council has determined to allow Users who enter into
monitoring agreements with the City the option to install a separate meter for
irrigation;

NOW, THEREFORE, BE IT RESOLVED, that a non-residential user requiring
more than one (1) tap unit who is entering into a monitoring agreement for the
purposes of determining the tap unit factor may opt to install a separate irrigation
meter in order to determine the sewer connection fees **only**. Pursuant to the
terms of the monitoring agreement, the User must install a meter for measuring
the water. In addition, at the sole expense of the User, they may choose to

install a separate meter for measuring the water used for lawn irrigation in order to reduce the sewer capital charges. Upon completion of the monitoring period, the tap unit factor used for determining the sewer capital charges will be determined based on 100% of the consumption from the potable water meter and 20% of the consumption from the irrigation meter. The tap unit factor used to determine the water capital charges will be based on 100% of the consumption from both the potable water meter and irrigation meter.

AYES:

NAYS:

ABSTENTIONS:

ABSENT:

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 at _____ meeting held this _____ day of _____, 2007.

MARYANNE CORNELIUS, CITY CLERK

Frequently Asked Questions

About Water and Sewer Rates

1. Why don't communities get the same wholesale water rate from Detroit Water & Sewerage Dept (DWSD)?

There are many issues that impact rates from community to community making direct comparisons difficult. The rates charged to local residents are set by individual communities and include costs to maintain local water mains, pumps and storage tanks. Because water distribution systems do not work by gravity, the cost to transport water is impacted by the distance it must travel. Increased energy costs are incurred the farther and higher the drinking water must be pumped. Therefore, the higher costs to service communities farther out and at higher elevations are born by that community. This approach is consistent with billing standards used by other communities and developed by the American Water Works Association. Wholesale water rates charged by DWSD vary by community based on usage of water, distance from the water treatment plant, and elevation change from the plant. The basis for allocating more cost to communities that use more water is that DWSD must build greater production capacity to meet the communities' maximum daily demand. Because of this, costs are higher for communities with higher peak demand.

2. Why does my water and sewer bill come from my community but the water comes from DWSD and the sewage treatment plant is from Oakland County Drain (OCDC)?

DWSD is a wholesale provider and Novi is the final provider of water and wastewater service. Your community's service includes

maintaining the pipes and infrastructure between your house and DWSD's system as well as reading meters and performing billing. Likewise Oakland County Drain Commission is responsible for the North Huron Rouge Valley treatment plant. If you have a problem with service to your home, your community will work with you to solve the problem.

3. Why does Novi charge fees on top of what DWSD charges for water and sewer service?

DWSD provides "wholesale" service to all customers of the system. DWSD delivers water to several points in Novi's system and then the Novi transports it to your house. Novi builds, maintains and operates its own infrastructure of water mains, pumps, and storage tanks. This is also true of sewers – your community transports the sewage through its sewers to a major OCDC interceptor (sewer) that takes the sewage to the North Huron Rouge Valley Wastewater Treatment Plant. Novi is also responsible for the billing and collection functions. Your bills include the costs from DWSD, OCDC and Novi's costs to complete the delivery of services.

4. How are water and wastewater (sewer) rates set?

Novi sets water and sewer rates for its residents and businesses. These rates cover the cost that Novi incurs in delivering water and wastewater service in addition to the charges they pay DWSD and OCDC for services provided. DWSD and OCDC rates with communities are set through an established process each year. Rate setting is a forward-looking process based on estimated future use and actual past usage from the communities.

5. Why can't rates be better managed to reduce fluctuations?

Just like yearly household expenditures, water and sewage rates can vary from year to year. Overall costs are impacted by use of the system, required capital improvement projects, and operation and maintenance costs. On the water side, seasonal usage of water has a dramatic impact on the overall cost of service. Increases or decreases in maximum day or peak hour usage due to changes in summer seasonal usage can contribute to significantly higher peak demand and rates.

6. Why do rates increase?

Because the water and wastewater treatment systems are aging, they must be maintained or replaced on a regular basis to ensure reliable service. The primary driver of rates increase is the amount of new and rehabilitation projects completed under the Detroit Water and Sewerage Department's (DWSD) Capital Improvement Program. Frequently, new projects must also be undertaken to maintain compliance with increasingly stringent regulatory requirements. Operation & Maintenance (O&M) of the water and wastewater systems also impacts rates. Just like other systems that must be operated and maintained, DWSD's and OCDC's systems are impacted by inflation and the cost of utilities, chemicals and property insurance. As new facilities are brought on line, overall expenses increase as well.

7. Why do residents have to pay sewer charges on sprinkler water for their lawns?

The water meter at your home or business is used to determine charges for sanitary sewers with the assumption that most of the water used in your home or business eventually flows into the sanitary sewer (clothes, dish washing, showers, toilets, etc.). Both water and sewer bills are based on the water that flows through your water

meter. Your water bill is based on the number of gallons of water used. The entities providing water are not-for-profit entities, and the total costs need to be covered in order for service to continue. If separate meters were allowed, the cost per unit of sewer would have to be increased to cover the costs of the service. The few communities that allow for separate metering have water and sewer rates that are as much as 200% higher than the communities that do not allow separate meters.

8. How can residents save money on their water/wastewater bill?

Conserving and using water wisely is the best way to save money on your water and wastewater bills. Steps you can take to reduce your water usage include:

- Water your lawn wisely – it only needs 0.5 to 1.5 inches of water per week (MSU Extension Turf Tips for Homeowners). Over-watering lawns results in shallow-rooted plants that are less tolerant of heat and drought, and more prone to disease.
- Water your lawn during off-peak hours such as during the early morning or late afternoon (midnight to 5 a.m. is best).
- Check for leaks and drips. Toilets are the most common source of leaks and can frequently be fixed with a new flapper. Dripping faucets can usually be repaired with the rubber O-ring or washer inside the valve.
- Replace your old toilet, the largest water user inside your home. If your home was built before 1992, chances are you would benefit from a newer, more efficient toilet.
- Use rainwater to water your plants. Direct downspouts toward your plants and green areas or collect water with rain barrels for use later.
- Make your lawn cheaper and easier to maintain by mowing high (three inches is recommended). Longer grass has deeper roots and requires less water.

Search the Internet for effective ways to conserve water. The water wiser site (www.awwa.org/waterwiser) from the

American Water Works Association is a great place to start with links to other sites.

9. My house has been empty. Why do I still receive charges on my water bill?

Certain services must be provided regardless of the amount of water used that contribute to monthly fixed costs such as meter reading, customer accounting, and maintenance of water mains. Therefore, a home that is not actively using water but has an active connection will still incur minimal charges.

10. Who fixes my water main when it breaks?

Water mains are owned by different entities. Typically, DWSD owns the larger transmission mains that deliver water to each community. Novi owns the water mains that transport the water from the transmission main to your home. Whoever owns and operates the water main fixes it. If the broken water main is in a local road, Novi will fix it since they own it. If a large transmission main that connects to your community's system needs work, DWSD will perform the work since DWSD owns it.

11. What kind of water and wastewater projects are being undertaken by DWSD?

DWSD is continually upgrading and maintaining the water and sewer systems. Two major studies were recently completed to help guide this process: a Water Master Plan and a Wastewater Master Plan. Both plans were developed with input from communities served by DWSD and take a 50-year view into the future of what customer demands will be like. Both plans include a Long Term Rehabilitation and Repair Program that identifies maintenance projects that will be necessary over the next 20 to 50 years. Projects from these programs are used to update the 5-year Capital Improvement Program that identifies water

and sewer projects. Additional information about Capital Improvement Program projects can be obtained from DWSD's web site at www.dwsd.org.