



CITY of NOVI CITY COUNCIL

**Agenda Item 2
October 20, 2014**

SUBJECT: Approval to purchase water meters from Michigan Meter Technology Group, Inc., a sole source procurement, for an estimated annual amount of \$255,000.

SUBMITTING DEPARTMENTS: Department of Public Services, Water and Sewer Division

CITY MANAGER APPROVAL: *PR*

TPK

EXPENDITURE REQUIRED	\$ 255,000
AMOUNT BUDGETED	\$ 255,000
APPROPRIATION REQUIRED	\$ 0
LINE ITEM NUMBERS	592-592.00-748.100 (Water Installations - new) 592-592.00-748.500 (Water Installations - replacements)

BACKGROUND INFORMATION:

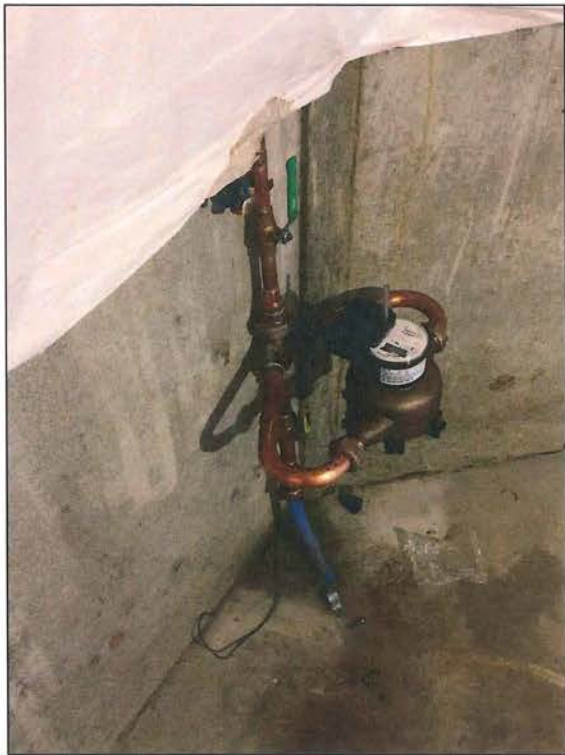
The Department of Public Services' Water and Sewer Division is responsible for issuing water metering equipment for new developments and to existing users who are in need of replacement equipment. For standard installations, the water metering equipment includes the meter, meter horn, strainer, and radio transmitter. A diagram of a typical metering system is provided for reference. In an effort to standardize the water metering system, the City selected Neptune brand meters in 2011. Standardization of metering equipment allows for cost savings through the use of only a single meter reading system. In addition, a uniform system allows for standard replacement parts, which results in improved operations and maintenance efficiencies.

Michigan Metering Technology Group is the local authorized Neptune metering equipment distributor and is the only Neptune distributor in Michigan. The cost for the metering equipment purchase is passed-on to water customers as part of our standard metering equipment fees, as prescribed in our Water and Sewer Rates Resolution for 2014-2015. A copy of the Resolution is provided as an attachment.

RECOMMENDED ACTION: Approval to purchase water meters from Michigan Meter Technology Group, Inc., a sole source procurement, for an estimated annual amount of \$255,000.

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

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



Typical City of Novi Installation Photo

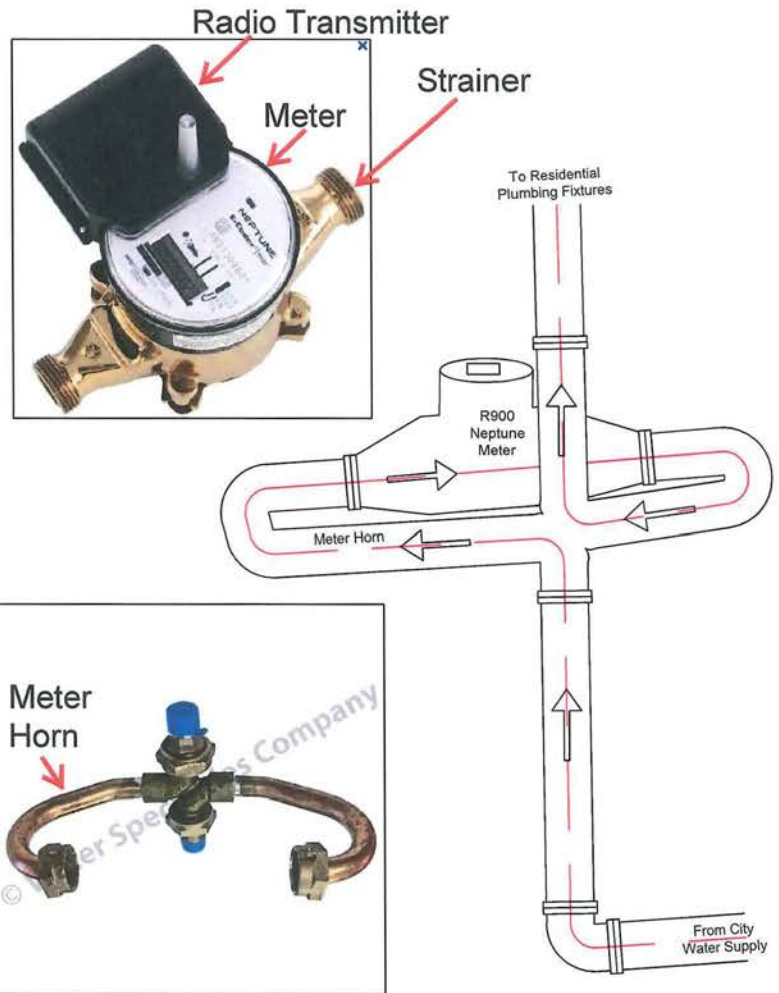


Diagram of Typical Installation
(arrows show flow path)

**RESOLUTION
WATER RATES**

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 usage and consumption; and,

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

WHEREAS, the cost to finance said system demonstrates a need to increase the water rates.

NOW, THEREFORE 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, 2013.

WATER RATES		
Minimum (Fixed) Rate Schedule:		
<u>Meter Size</u>	<u>Minimum Rate per Quarter</u>	<u>Minimum Rate per Month</u>
5/8"	\$ 40.00	13.33
1"	57.00	19.00
1.5"	124.00	41.33
2"	166.00	55.33
3"	475.00	158.33
4"	607.00	202.33
6"	1,270.00	423.33
8"	1,510.00	503.33
10"	1,732.00	577.33

Consumption Rate: \$3.86 per Thousand Gallons

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 Copper</u>	<u>Private Street Copper</u>
1"	5/8"	\$1,725	\$1,340
1"	1"	\$1,865	\$1,480
1.5"	1"	\$2,670	\$1,865
1.5"	1.5"	\$2,865	\$2,060
2"	1.5"	\$3,440	\$2,520
2"	2"	\$3,580	\$2,660

- Service on Public Roads over 60 feet, there will be an additional fee per Right of Way foot of:

<u>SERVICE SIZE</u>	<u>FEE/PER RIGHT OF WAY FOOT COPPER</u>
1"	\$17.00
1.5"	\$18.00
2"	\$21.00

An additional \$ 1,500 fee will be assessed for taps into a concrete water main. A separate additional fee will be assessed if a directional bore is needed (please contact the Water & Sewer Department).

▪ **METERING EQUIPMENT FEES**

<u>SIZE</u>	<u>METER</u>	<u>METER HORN</u>	<u>FLANGES</u>	<u>STRAINER</u>	<u>RADIO REMOTE</u>
5/8"	\$ 150	\$ 40	N/A	N/A	\$ 86
1"	260	70	N/A	N/A	86
1.5"	450	N/A	70	N/A	86
2"	575	N/A	90	N/A	86
3" (Compound)	2,085	N/A	90	735	86
4" (Compound)	2,980	N/A	130	890	86
6" (Compound)	3,790	N/A	210	1,665	86

8" and larger Compound and Turbine meters and equipment will be actual costs plus 15% City of Novi Administrative Fee

MISCELLANEOUS CHARGES

Miscellaneous Inspection Fee	\$ 90
Turn-off or Turn-on Service (regular hours)	90
Turn-off or Turn-on Service (Saturdays or Evenings)	175
Turn-off or Turn-on Service (Sundays or Holidays)	250
Water Meter Test	85
Unmetered Water – Single Family Residential Construction	105
Unmetered Water – Non-Single Family Residential Construction	365
Permits to Use Fire Hydrant Fees:	
Backflow Preventer & Meter Deposit: 1" meter	500
Backflow Preventer & Meter Deposit: 2" meter	800
Backflow Preventer & Meter Deposit: 3" meter	1200
Hydrant Deposit	200
Permit Fee	60
Inspection Fee	60
Rental Fee	\$3.00/per day, \$20/per month

WATER TAP FEES

For the privilege of tapping into the Water Supply System, there shall be a charge of One Thousand Eight Hundred Fifty Dollars (\$1,850.00), multiplied by the unit factor set forth in the Unit Factor Chart as adopted by the City Council. With the exception of those users served directly by the water main constructed and financed by Special Assessment District Number 126 who will be charged Five Hundred Dollars (\$ 500.00) multiplied by the factor set forth in the Unit Factor Chart.

SPECIAL RATES

For miscellaneous services for which, in the judgment of the City Council a special rate should be established, such rates shall be established and charged in accordance with the schedule of rates adopted by resolution of the City Council.

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 17th day of June 2013.

Courtney Hanson

By: Courtney Hanson
Its: Deputy City Clerk

**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 remained steady for 2013-2014,

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, 2013.

Meter Size	Base Sewer Rates	
	Minimum (Fixed) Rate Schedule	
	Minimum Rate Per Quarter	Minimum Rate Per Month
5/8"	\$ 6.00	2.00
1"	10.00	3.33
1.5"	17.00	5.67
2"	21.00	7.00
3"	64.00	21.33
4"	82.00	27.33
6"	170.00	56.67
8" or larger	199.00	66.33

\$4.25 per thousand gallons for metered consumption, and
\$84.59 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 surcharges as determined by the Detroit Water and Sewerage Department.

CERTIFICATION

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Courtney Hanson

By: Courtney Hanson
Its: Deputy City Clerk

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 \$81.34 per unit per quarter for all bills rendered after August 1, 2013.

SEWER INSPECTION FEE

WHEREAS, OCDC operates and maintains the Novi-Walled Lake Treatment Plant, and all sewer infrastructures for effluent to the plant;

NOW, THEREFORE 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.

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Courtney Hanson

By: Courtney Hanson
Its: Deputy City Clerk

CITY OF NOVI

Example of Water & Sewer Charges using Huron Rouge Metered Rate

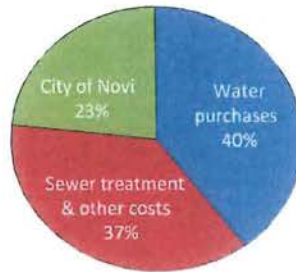
	<u>2012-2013</u>	<u>2013-2014</u>	<u>Increase</u>
Quarterly:			
<i>Water</i>			
Base rate	\$ 37.00	\$ 40.00	\$ 3.00
4,000 gallons	13.76	15.44	1.68
<i>Sewer</i>			
Base rate	5.00	6.00	1.00
4,000 gallons	16.00	17.00	1.00
	\$ 71.76	\$ 78.44	\$ 6.68
Annually:	<u>\$ 287.04</u>	<u>\$ 313.76</u>	<u>\$ 26.72</u>

Estimated increase 9.31%

NOTES:

Example is based on annual water consumption of 16,000 gallons and a 5/8 meter. Rates include an increase from Detroit Water and Sewerage Department and Oakland County Water Resource Commission.

**City of Novi Water & Sewer Fund
2013 -14 Budgeted Revenue Allocation**



2013-14 Budgeted Operating Revenue

Water purchases	\$ 10,339,000
Sewer treatment & other costs	\$ 9,586,300
City of Novi	\$ 6,027,542
Total Operating Revenue	<u>\$ 25,952,842</u>