



**CITY OF NOVI CITY COUNCIL**  
**JULY 22, 2024**

**SUBJECT:** Approval of Proposed Water & Sewer Rate Resolutions for 2024-2025

**SUBMITTING DEPARTMENT:** Finance/Water and Sewer

**BACKGROUND INFORMATION:**

The Finance Department and Department of Public Services annually review and propose water and sewer rates for City Council consideration. The City of Novi purchases treated water and sewer services from other governmental entities. The attached rate schedules incorporate the charges from the Great Lakes Water Authority ("GLWA") for water services and the combined pass-through increase from the Oakland County Water Resource Commission (OCWRC) for sewer services.

GLWA charges both a fixed rate (60% of cost) and a variable rate (40% of cost) to its customers. The fixed fee increased 2.3% from the prior year, while the variable fee increased 4.2%. GLWA estimates a combined fixed and variable fee increase of 2.4%, or \$245,514. As the table shows below, this is consistent with increases from GLWA over the past five years.

<b>Fiscal Year</b>	<b>Fixed Costs</b>	<b>Contract Volume Costs (Variable)</b>	<b>Total GLWA Costs (Revenue Requirement)</b>	<b>Percent Change from Previous yr.</b>
2020-2021	\$5,625,600	\$12.69	\$9,375,495	1.90%
2021-2022	\$5,736,000	\$13.08	\$9,560,592	2.00%
2022-2023	\$5,890,800	\$13.42	\$9,817,492	2.70%
2023-2024	\$6,238,700	\$13.69	\$10,397,722	5.90%
2024-2025	\$6,385,200	\$14.26	\$10,643,236	2.40%

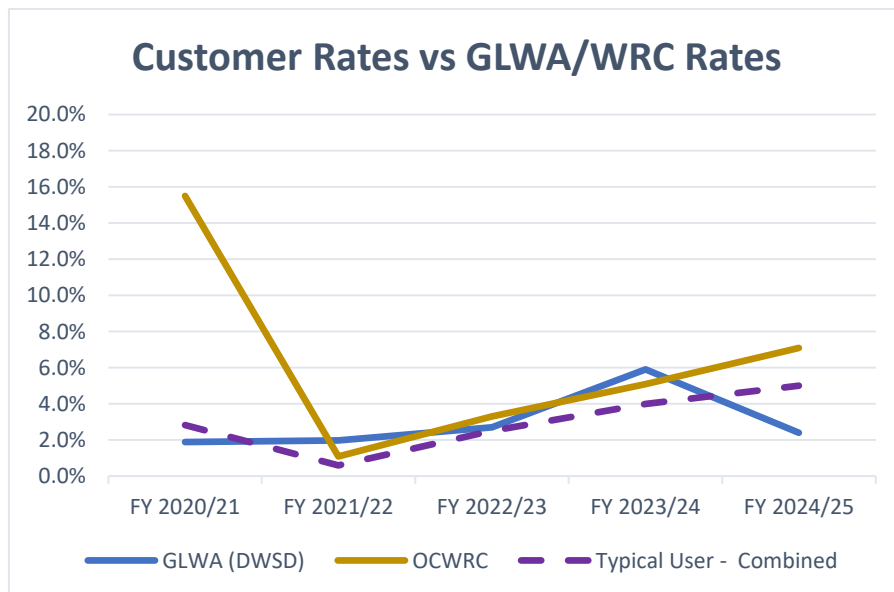
The Oakland County Water Resource Commission (OCWRC) has also moved from a former variable rate charged to users to a fixed rate. The Huron Rouge Sewage Disposal System ("HRSDDS") (the largest of two systems within the City) has an estimated 5.0% rate increase from the prior year. The County has not provided an official

increase to the Huron Rouge System at time of rate setting. The rate for the second system, the Novi-Walled Lake Sewer System and Commerce arm, is estimated to increase 7.4% from the prior year. The total increase of the City's sewer systems is a combined 7% or \$922,341. The total third party water and sewer fees are estimated to increase by a combined 5% or \$1,168,000.

Additional costs to be covered by the water and sewer user fees include annual operating costs such as salary and fringes, maintenance and cleaning costs, current equipment costs, and vendor contracts for water installation fees which are expected to increase by the rate of inflation.

The City sets water and sewer rates using a multi-year budget and capital plan, which allows the current year cost increase of 2.4% for water, 7% for sewer and numerous capital needs to be spread out over several years. In the current year, the City's increase in rates is primarily passing along, to the average user, the combined 5% rate increases from GLWA and OCWRC. The increase to customers will allow a small amount for capital needs for the existing system. Prior years' efficiencies in operations have also allowed the City to have minimal increases in rates over the past several fiscal years. The proposed combined water and sewer rate increase to the average customer for the 2024-25 fiscal year will be approximately 5.0%, or \$52 annually for residential 5/8" meter size and approximately 5.4% or \$97 for a large user with a 1" meter. The net increase in the overall rate includes no change to the water fixed fee, a 6.0% increase in the water variable rate, no change to the fixed sewer rate, and a 9.0% increase in the variable sewer rate.

The chart below details the rate increases from GLWA and OCWRC compared to the rate increases to the variable water and sewer rates passed onto the City's users. As the graph shows, the City's typical user's combined water and sewer bill for the past five years has been below the increases from the City's third-party water and sewer providers. This is especially true in fiscal years 2020 and 2021 when WRC's increases were 18% and 15%, respectively, yet the typical user only saw a 1.5% and 2.8% increase in fiscal years 2020 and 2021.



In the current year, the city's typical user will still see an increase to their water and sewer bill of 5% compared to the system's vendor increases of 2.4% (water) and 7% (sewer), as stated previously.

To put it in perspective, the variable rate in 2013 for water was \$3.86 per 1,000 gallons. Due to various rate reductions since 2013, the \$3.95 per 1,000 gallons proposed water rates are just slightly above the 2013 rates. In addition, the \$5.14 per 1,000 gallons proposed sewer rate is less than a dollar above the City's \$4.25 per 1,000 gallons rate back in 2013.

The proposed rates are expected to generate a \$2.12 million net operating cash inflow (gain) in fiscal year 2025 which will be used to offset a portion of the approximately \$13.8 million in ongoing construction projects that were originally budgeted in FY 2024 that will continue into FY 2025, since they were not completed by year-end.

The Water and Sewer Fund has two significant ongoing projects requiring significant funding over and above the operating rates. The first is the estimated \$18-24 million project related to the WRC Huron Rouge Sewer Disposal System Expansion. The City will be paying \$6 million in fiscal 2025 and the balance will be covered by debt issued by the County. Once the debt is issued, the Water and Sewer Fund will be billed annually for the debt service which could be as much as \$1 million per year for the next 20 years. The second item began in FY 2023 which is the lengthy process of replacing the Asbestos-Cement water lines originally identified during a capital needs assessment in approximately 2017. The original estimated cost was nearly \$40 million, and \$4.5 million was budgeted annually in the six-year CIP until the project is complete. Due to the current escalating cost of goods and services, the estimated \$40 million cost has increased by 45%, making the estimated cost closer to \$58 million. The following are the significant capital projects budgeted for FY 2025:

- Asbestos-Cement water line replacement \$2.5 million
- Water main loop connection – Beck (Dunhill to Casa Loma) \$873,343
- Water main loop connection – Southwest (8 & 9 mile, Napier 7 Garfield) \$5,521,006

We will continue to monitor the water and sewer rates and cash reserve balance on an annual basis and make recommendations as needed to adjust them as facts and circumstances change.

The City of Novi Water & Sewer Fund, the Oakland County Water Resource Commission (OCWRC), and the Great Lakes Water Authority (GLWA) are all not-for-profit entities and therefore rates are intended and required to cover operating, maintenance, capital replacement and rehabilitation, and debt service costs.

**RECOMMENDED ACTION:** Approval of Proposed Water & Sewer Rate Resolutions for 2024-2025

**CITY OF NOVI**  
**COUNTY OF OAKLAND, MICHIGAN**

**WATER RATES RESOLUTION**

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 July 22, 2024, 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 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 the 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, IT IS THEREFORE 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, 2024.

<b>WATER RATES</b>	
<b>Minimum (Fixed) Rate Schedule:</b>	
<u>Meter Size</u>	<u>Minimum Rate per Quarter</u>
5/8"	\$ 56.00
1"	80.00
1.5"	174.00
2"	232.00
3"	665.00
4"	850.00
6"	1,778.00
8"	2,114.00
10"	2,425.00
<b>Consumption Rate: \$3.95 per Thousand Gallons</b>	

**NOW, THEREFORE BE IT RESOLVED that** the 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>
		<u>Copper</u>	<u>Copper</u>
1"	5/8"	\$2,883	\$2,043
1"	1"	\$3,041	\$2,198
1.5"	1"	\$3,601	\$2,596
1.5"	1.5"	\$3,871	\$2,864
2"	1.5"	\$4,807	\$3,103
2"	2"	\$4,997	\$3,293

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</u>
	<u>COPPER</u>
1"	\$25.27
1.5"	\$29.26
2"	\$31.92

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**

<b><u>SIZE</u></b>	<b><u>METER</u></b>	<b><u>METER HORN</u></b>	<b><u>FLANGES</u></b>	<b><u>STRAINER</u></b>	<b><u>RADIO REMOTE</u></b>
5/8"	\$ 117	\$ 67	N/A	N/A	\$ 104
1"	\$ 220	\$ 121	N/A	N/A	\$ 104
1.5"	\$ 449	N/A	\$ 157	N/A	\$ 104
2"	\$ 597	N/A	\$ 205	N/A	\$ 104
3" (Compound)	\$ 2,524	N/A	\$ 587	\$ 815	\$ 104
4" (Compound)	\$ 3,436	N/A	\$ 814	\$ 1,084	\$ 104
6" (Compound)	\$ 5,191	N/A	\$ 1,307	\$ 2,112	\$ 104

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	\$ 1900
Backflow Preventer & Meter Deposit: 3" meter	\$ 1900
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.

**AYES:**

**NAYS:**

RESOLUTION DECLARED ADOPTED.

\_\_\_\_\_  
Cortney Hanson, 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 22nd day of July, 2024, and that public notice 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.

\_\_\_\_\_  
Cortney Hanson, City Clerk  
City of Novi

**CITY OF NOVI**

**COUNTY OF OAKLAND, MICHIGAN**

**HURON-ROUGE SEWER RATES RESOLUTION**

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 July 22, 2024, 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 Novi through the Code of Ordinance, Section 34-145 has established that the rates 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 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 increased for 2024-2025,

**WHEREAS;** the cost to finance said system demonstrates that the sewer rates will be increasing,

**NOW THEREFORE, IT IS THEREFORE 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, 2024.



<b>Base Sewer Rates</b>		
Minimum (Fixed) Rate Schedule		
<u>Meter Size</u>		<u>Minimum Rate Per Quarter</u>
5/8"		\$30.00
1"		50.00
1.5"		85.00
2"		105.00
3"		320.00
4"		410.00
6"		850.00
8" or larger		995.00

**\$5.14** per thousand gallons for metered consumption, and  
**\$131.19** 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 Great Lakes Water Authority 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, IT IS THEREFORE RESOLVED** that the City of Novi will collect the HSP and IWC surcharges as determined by the Great Lakes Water Authority.

**SEWER TAP FEES**

For the privilege of tapping into the Sanitary Sewer System, there shall be a charge of Two Thousand Seven Hundred Twenty Dollars (\$2,720.00), multiplied by the unit factor set forth in the Unit Factor Chart as adopted by the City Council.

**AYES:**

**NAYS:**

RESOLUTION DECLARED ADOPTED.

\_\_\_\_\_  
Cortney Hanson, City Clerk

**CERTIFICATION**

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Cortney Hanson, City Clerk  
City of Novi

**CITY OF NOVI**  
**COUNTY OF OAKLAND, MICHIGAN**

**NOVI-WALLED LAKE SEWER SYSTEM RESOLUTION**

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 July 22, 2024, 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 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 the costs of providing services;

**USAGE FEE**

**NOW THEREFORE, IT IS THEREFORE RESOLVED** that the new rate to the user of this system is established at \$119.56 per unit per quarter for all bills rendered after August 1, 2024.

**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, IT IS THEREFORE RESOLVED** That 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, IT IS THEREFORE RESOLVED** that the City of Novi will collect the IPP surcharge as determined by the OCDC.

**AYES:**

**NAYS:**

RESOLUTION DECLARED ADOPTED.

\_\_\_\_\_  
Cortney Hanson, City Clerk

**CERTIFICATION**

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\_\_\_\_\_  
Cortney Hanson, City Clerk  
City of Novi

**Example of Water and Sewer charges using Huron Rouge Metered Rate**

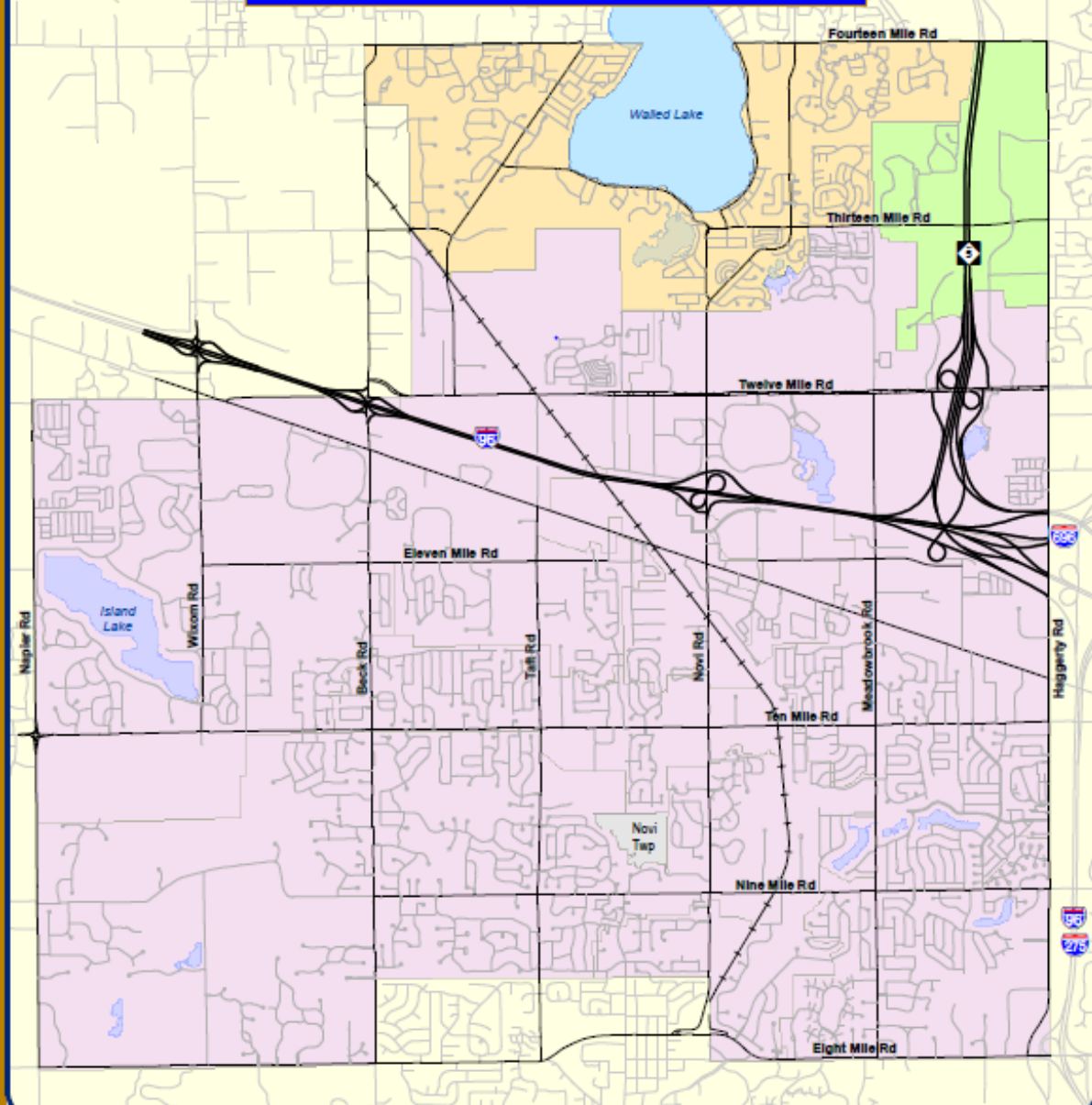
	<u>2023-2024</u>	<u>2024-2025</u>	<u>Increase</u>
<b>Quarterly:</b>			
Water			
Fixed rate	\$ 56.00	\$ 56.00	
20,000 gallons	\$ 74.60	\$ 79.08	
Sewer			
Fixed rate	\$ 30.00	\$ 30.00	
20,000 gallons	\$ 94.40	\$ 102.90	
<b>Quarterly</b>	<u>\$ 255.00</u>	<u>\$ 267.97</u>	\$ 12.97
<b>Annually</b>	\$ 1,020.00	\$ 1,071.89	\$ 51.89
		Estimated increase	5.1%

**Note:**

Example of Water and Sewer Charges using Huron Rouge Metered Rate Department and Oakland County Water Resource Commission.

# Sanitary Service Districts

## City of Novi, Michigan



Map Author: Karl Blough  
 Date: July 28, 2019  
 Project: Sanitary Service Districts  
 Version #: 1.0

**MAP INTERPRETATION NOTICE**

Map information depicted is not intended to replace or substitute for any official or primary source. This map was intended to meet National Map Accuracy Standards and use the most recent, accurate sources available to the people of the City of Novi. Please contact the City GIS Manager to confirm source and accuracy information related to this map.

**Sanitary Service District**

- Commerce Township
- Huron-Rouge
- Walled Lake



**City of Novi**

Engineering Division  
 Department of Public Works  
 26300 Lee BeGole Drive  
 Novi, MI 48375  
[cityofnovi.org](http://cityofnovi.org)

