



# MEDIA RELEASE

CONTACT: Tom Casari, Director of Public Services  
(248)348-5820

## FOR IMMEDIATE RELEASE

### **NORTHVILLE TOWNSHIP SUPERVISOR ROBERT NIX II ANNOUNCES NO INCREASE FOR WATER & SEWER RATES IN 2019**

The Water and Sewer rates will remain unchanged in 2019 for Northville Township

**NORTHVILLE TOWNSHIP, Mich., June 10, 2019** – Northville Township sends out a water and sewer rate information sheet each June with the Water and Sewer bills that breaks down the charges and explains the increase in water and sewer rates. However, for the first time in almost a decade, there was no increase to either water or sewer rates. How is this possible? The Township, with the assistance of consultants and a working committee comprised of residents and business representatives evaluated the existing rate structure, alternative rate structures and opportunities for rate reduction. As a result, the Township pursued available cost saving options. These included the following, which offset increasing water and sewer rates:

1. Cost reductions by making improvements to the water and sewer system;
2. Renegotiating the contract with GLWA to lower our peak hour rate; and
3. Terminating sewer contracts with Wayne County, which allowed the negotiation of a more favorable sewer contract rate with YUCA.

Also, the Township Supervisor and Board of Trustees implemented changes to the rate structure to stabilize future water and sewer rates as follows.

#### **Background**

From 2008 to 2013, cash reserves totaling over \$27 million were used to subsidize Water & Sewer operating costs and minimized increasing rates. In addition, the Township relied on the collection of connection fees to offset water & sewer rates.

The Township was concerned with the decline in reserves which are needed to maintain and repair the water system and recognized the importance of no longer using "reserves or connection fees" to offset future rates. The Township eliminated this practice and adopted a rate design that incorporated both a fixed meter and consumption charge to offset the increased volatility of a variable based water and sewer rate structure. This Board Action also relied on the input of the working committee in evaluating best practices.

The adoption of the "fixed/consumption" rate methodology has reduced the use of cash reserves to fund operating expenses and operating costs are now fully funded by user charges and reserves are being replenished by connections fees.

#### **"Ready to Serve" and "Rate Usage" Charge**

Northville Township's water and sewer charges are divided into two categories: fixed charges (called "readiness to serve") and variable charges (called "usage"). Usage is

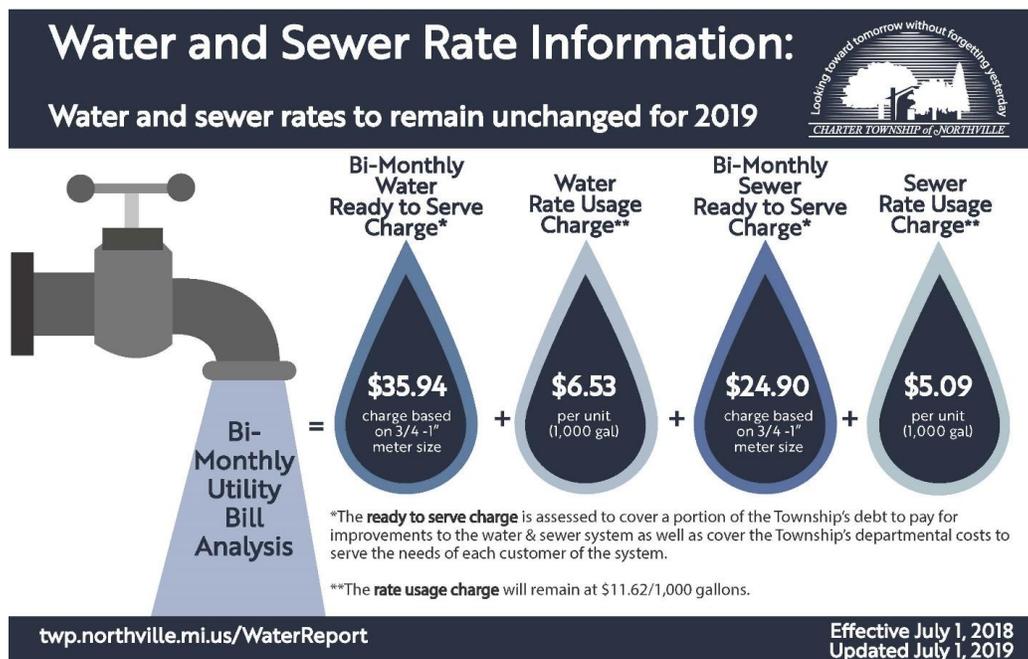
billed per 1,000 gallons of water used and the readiness to serve charge is determined by the meter size of a home or business.

The “**Ready to Serve**” charge is assessed to cover **a portion of the Township's debt** to pay for improvements to the water & sewer system as well as cover the Township's departmental costs to serve the needs of each customer of the system. Debt obligations of the Water and Sewer Fund were reduced by \$2,160,488 from the prior year which allowed the ready to serve charge to remain at the 2018 rates.

The “**Usage**” charge is currently \$11.62/1,000 gallons for combined water and sewer and remains unchanged from 2018. The additional improvements to the water system, reduction in peak day demand and contract renegotiations reduced the overall cost of water purchases with GLWA. As a result, the Township's cost of water purchased has decreased over \$540,000 or 9% from the prior year's wholesale charge. These savings are being used to offset increased costs and restore capital replacement reserves.

### What does all this mean?

Effective July 1, 2019, there will be no change/increase to water and sewer rates for Northville Township.



To learn more about the Department of Public Services or Water and Sewer, please visit [twp.northville.mi.us/WaterReport](http://twp.northville.mi.us/WaterReport).

###