

STATE OF MICHIGAN
OAKLAND COUNTY CIRCUIT COURT

JAMILA YOUNG,
individually and as representative of a class of
similarly-situated persons and entities,

Case No. 2016-152613-CZ
Hon. Daniel P. O'Brien

Plaintiff,

v.

CHARTER TOWNSHIP OF BLOOMFIELD,
a municipal corporation,

Defendant.

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PLAINTIFF'S FIRST AMENDED CLASS ACTION COMPLAINT

Plaintiff Jamila Youmans (hereinafter, "Plaintiff"), by her attorneys, Kickham Hanley PLLC, individually and on behalf of a class of similarly situated class members, states the following for her First Amended Class Action Complaint against the Charter Township of Bloomfield (the "Township"):

INTRODUCTION

1. This is an action challenging the retail water rates (the "Water Rates") and the retail sewage disposal rates (the "Sewer Rates") (collectively, the "Rates") imposed by the Township on citizens who draw water from the Township's water supply system and who use the Township's sewer system. The Township has systematically garnered millions from its water and sewer

customers that it has used not to cover the actual expenses of providing water and sewer services to those customers, but rather to fund the Township's general governmental obligations.

2. Specifically, four cost components included in the Rates described more specifically below (the "Rate Overcharges", the "General Fund Support Charge", the "OPEB Charge" and the "Public Fire Protection Charge", collectively the "Charges") constitute taxes that have not been authorized by the Township's voters in violation of the Headlee Amendment to the Michigan Constitution. The Township impermissibly uses these overcharges to, among other things, supplement its general fund revenues – *i.e.*, to finance governmental functions and expenses wholly unrelated to providing water supply and sewage treatment services to its citizens and to create excessive cash reserves in its Water and Sewer Fund that are apparently designated for future infrastructure projects.

3. The Charges are precisely the types of exactions the Michigan Supreme Court found constitute unconstitutional taxes in the seminal case of *Bolt v. City of Lansing*, 459 Mich. 152, 587 N.W.2d 264 (1998). The Charges are not legitimate user fees but rather constitute unlawful taxes under the *Bolt* decision; they are motivated by a revenue-raising and not a regulatory purpose because the amount charged to Plaintiff and the Class is grossly disproportionate to the Township's actual costs of providing the purported benefits for which the Charges are purportedly imposed, and payment of the Charges is not voluntary.

4. The Charges also are arbitrary, capricious and unreasonable, have been imposed in violation of the Township's own ordinances, state statutes, and common law rate-making principles. Therefore, the Charges are invalid even if they don't constitute unlawful taxes.

JURISDICTION AND VENUE

5. Plaintiff is a water and sewer customer of the Township, and, pursuant to this Court's order granting Plaintiff's motion for class certification, acts as class representative for all similarly situated persons.

6. Defendant Charter Township of Bloomfield (the "Township") is a municipality located in Oakland County, Michigan.

7. Venue and Jurisdiction are proper with this Court because all parties are present here and the actions which give rise to Plaintiff's claims occurred in this County. Venue and jurisdiction also are proper with this Court under Article 9, Section 31 of the Michigan Constitution of 1963, and MCL 600.308a.

GENERAL ALLEGATIONS CONCERNING THE WATER AND SEWER RATES

8. The Township maintains and operates a water supply system (the "Water Supply System") to provide fresh water to inhabitants of the Township. The Township buys water from the Southeast Oakland County Water Authority for resale to water customers. Plaintiff has received water service from the Township and paid the Water Rates imposed by the Township. Plaintiff is required by Michigan law and other public health laws and regulations to utilize the Township's Water Supply System where that system is available.

9. The City of Detroit is authorized to supply wholesale water to local government units in Southeast Michigan, and derives that authority from MCL 123.141(1). The City of Detroit, through its Water and Sewerage Department ("DWSD"), supplies wholesale water to over 100 cities, villages, townships and authorities authorized to provide a water supply for their inhabitants. The City of Detroit supplies water to SOCWA, which in turn supplies it to the Township.¹

¹ Effective in 2016, the Great Lakes Water Authority ("GLWA"), pursuant to agreements with the City of Detroit, became the wholesale supplier of water to SOCWA. Notwithstanding that

10. Local government units which purchase water from the City of Detroit establish their own Water Rates and directly bill end users. However, Michigan state law prohibits a municipality which purchases its water from an authority which purchases its water from the City of Detroit and which supplies that water to its residents from charging a retail rate that exceeds the municipality's "actual cost of providing the service."

11. In this regard, MCL 123.141 provides that "[t]he retail rate charged to the inhabitants of a city, village, township or authority which is a contractual customer as provided by subsection (2) shall not exceed the actual cost of providing the service." MCL 123.141(3).

12. The Township is bound by the provisions of MCL 123.141(3).

13. The Township maintains and operates a sewer system (the "Sewer System") to provide sewage disposal services to inhabitants of the Township. The Township is a customer of the Oakland County Water Resources Commission, which transports sewage to the Great Lakes Water Authority and ultimately the Detroit Water and Sewerage Department for treatment and disposal. Plaintiff has received sewer service from the Township and paid the Sewer Rates imposed by the Township. The Township's ordinances require properties from which sanitary sewage emanates to be connected to the Township's Sewer System where the Sewer System is available. *See* Ordinance Sec. 38-288. A copy of the Township's Water and Sewer Ordinance is attached hereto as Exhibit A and incorporated herein by reference. In addition, by virtue of applicable building codes, and state and county laws, the structures used by the Township's citizens are required to be connected to the Township's Sewer System, where available.

14. The Township establishes "Water and Sewer Rates" from time to time through enacted ordinances. *See* Exhibit A, Ordinance Secs. 38-214; 38-226; 38-255; 38-256.

change, the Township public water supply still is provided by DWSD facilities and the DWSD water plant.

15. The Township maintains a Water and Sewer Enterprise Fund (the “Water and Sewer Fund”) and prepares financial statements for that Fund.

THE RATE OVERCHARGES

16. The Water and Sewer Fund’s financial statements and other documents show that the Township has included in its Water and Sewer Rates charges for (a) capital improvements and outlays; (b) the cost of servicing the principal and interest on long-term debt related to infrastructure improvements; and (c) the amount of depreciation of the Township’s water and sewer system infrastructure components.

17. According to the Township’s 2014 Department of Public Services Annual Report, attached as Exhibit B, water and sewer usage rates “consist of four components: 1) commodity charges, 2) operating expenses, 3) depreciation, and 4) capital projects.” *See also* Memo dated March 16, 2016, attached as Exhibit C, p. 4 (explaining that usage rates include debt-service charges).

18. Including depreciation costs in the Rates renders the rates arbitrary, capricious and unreasonable because the Township sets its rates according to the “cash basis” approach. WEF Manual of Practice No. 27, *Financing and Charges for Wastewater Systems*, (“WEF No. 27”) which sets the standards for sewage disposal rates, states: “The cash-basis method differs from conventional financial accounting primarily by excluding depreciation and including principal repayment (and interest) on outstanding debt. The main objective in using the cash basis is to collect revenues to cover cash expenses. Revenues must cover annual expense and reserve needs for capital and operational funds. **Inclusion of depreciation is a common error in developing cash-basis revenue requirements because it amounts to a partial double counting of capital costs covered by the principal component of debt service payments plus a potential portion of routine capital expenditures.**” *See* Exhibit D, WEF No. 27 at p. 77 (emphasis added).

19. Similarly, the AWWA M-1 Manual, *Principles of Water Rates Fees and Charges*, (“AWWA M-1 Manual”) which sets the standards for water rates, states that the cash-needs approach is generally used by “government-owned utilities (except in the few jurisdictions where regulation requires the use of the utility approach).” (Exhibit E, AWWA M-1 Manual at p. 12.) The M-1 Manual explains that “[c]ash needs refer to the total revenues required by the utility to meet its cash expenditures.” (*Id.*) The M-1 Manual further states that the components of the cash-needs approach to determining a utility’s revenue requirement include “O&M expenses, debt-service payments, contributions to specified reserves, and the cost of capital expenditures that are not debt-financed or contributed. **Depreciation expense is not included.**” (*Id.* (emphasis added)) “The debt-service component of the cash-needs approach usually consists of principal and interest payments on bonds or other debt instruments.” (*Id.* At p. 13)

20. In addition, it is arbitrary, capricious, and unreasonable for the Township to include cost components in the Rates that are designed to allow the Township to accumulate cash reserves to finance future improvements to its water and sewer system. It is impermissible rate-making to charge current users to create a fund to finance future obligations. *See Grunow v. Township of Frankenmuth*, 2002 Mich. App. LEXIS 1440 (2002); *In re Foreclosure of Certain Parcels of Property*, 2014 Mich. App. LEXIS 943 (2014). These cost components also contribute to the Rate Overcharge.

21. By virtue of the Rate Overcharges described above, the Township has accumulated cash reserves far beyond those necessary to ensure the continued provision of water and sewage disposal service to its residents.

22. The Township incorporated the above costs into the Rates and therefore each member of the class paid the Rate Overcharges when they paid their water and sewer bill.

THE GENERAL FUND SUPPORT CHARGE

23. In addition to the Rate Overcharges, the Township also overcharges its water and sewer customers because the Township's General Fund does not pay for the substantial services the Water and Sewer Fund provides to the General Fund. Instead, the cost of those services is included in the Township's Rates and therefore is paid by the Township's water and sewer customers (the "General Fund Support Charge").

24. First, the Township does not pay the Water and Sewer Fund for the Township's own water and sewer use in violation of the Township's Ordinance § 38-225, which provides:

The township shall pay for all water used by it in accordance with the foregoing schedule of rates. The Township shall pay a flat charge for water used or available through fire hydrants of \$10.00 per year, per hydrant, connected to the system. Charges for hydrants shall be paid annually. *See Exhibit A.*

25. The Township Ordinance thus requires the Township to pay the Water and Sewer Fund (1) for the cost of the water and sewer services used by the Township's own facilities, (2) for the cost of water used through the Township's fire hydrants and (3) for the costs associated with the operation, maintenance and repair of the hydrants themselves. In violation of the Ordinance, however, the Township does not pay these costs but instead incorporates the costs into its Rates.

26. The Township has determined that approximately 7% of the water it purchases from SOCWA is used by the Township itself, as opposed to its water and sewer customers. The Township recovers the costs associated with the 7% of water used by the Township by including the cost of that water in the Rates charged to the 93% of water and sewer services that are used by Plaintiff and the Class. *See Exhibit F, p. 2.*

27. A significant portion of the 7% of the water used by the Township itself is attributable to the Township's own facilities. In fact, of all of the Township's facilities, only the Courthouse and the Cable Studio have meters which measure the amount of water used. The Township hall, all of the Township fire stations, and the Senior Center are unmetered. With respect

to those facilities, the Township is also recovering the sewage disposal costs associated with that water use through the Rates.

28. Second, the Township has established an Engineering and Environmental Services Department (the “EESD”) which provides services to various Township departments, including the Department of Public Works (which oversees, among other things, water and sewer), the Planning Department and the Building Department. *See* EESD 2014 Annual Report, attached as Exhibit G. EESD’s activities include overseeing road and concrete construction and maintenance; maintaining safety paths; tree preservation; and West Nile Virus and Gypsy Moth management. *Id.*

29. Although EESD’s duties go far beyond water and sewer-related activities, the Township pays virtually all of EESD’s employees out of the Water and Sewer Fund.

30. The Township makes no attempt to allocate the compensation of EESD employees among the Water and Sewer Fund and the General Fund based on the employees’ activities.

31. By paying EESD’s employees out of the Water and Sewer Fund, the Township has effectively transferred hundreds of thousands of dollars from the Water and Sewer Fund to the General Fund. Those transfers were funded by charges imposed upon the Township’s water and sewer customers and are a component of the General Fund Support Charge.

32. Third, the Township includes in the Water and Sewer budget, and therefore, in the Rates, phantom expenses that are designed to improperly transfer Water and Sewer Funds to the General Fund. A principal such expense is “rent” in the amount of \$350,000 that is paid by the Water and Sewer Fund to the General Fund with respect to the one Township facility occupied by the water and sewer department. Under cost allocation principles, “rent” of municipal owned facilities is not properly allocated to enterprise funds. At most, the Township’s annual depreciation expense for the applicable facility can be allocated to the Water and Sewer Fund based upon the percentage of square footage of that facility occupied by the water and sewer department. On

information and belief, the annual depreciation expense for the facility occupied by the water and sewer department is a small fraction of the \$350,000 actually charged. This phantom expense is a component of the General Fund Support Charge.

33. The Township incorporated the General Fund Support Charge into the Rates and therefore each member of the class paid the General Fund Support Charge when they paid their water and sewer bill.

THE OPEB CHARGE

34. The Township apparently is obligated to pay Other Post-Employment Benefits (“OPEB”) (primarily health insurance expenses) on behalf of retired water and sewer employees. The costs purportedly associated with current period OPEB for currently-retired water and sewer employees is included in the Rates.

35. In addition to current period OPEB expenses, the Township also includes in its Rates up to \$600,000 per year (the “OPEB Charge”) in order to fund the cost of future OPEB for currently-retired water and sewer employees and employees of the Water and Sewer fund who have not yet retired. Including purported future OPEB costs in its rates allowed the Township to accumulate an additional **\$2.6 million** in its Water and Sewer Fund, which the Township transferred to a trust account outside of the Water and Sewer Fund in 2015. The funds collected through the OPEB Charge have nothing to do with the current operation of the Township’s water and sewer system, and will be utilized, if at all, at some undefined time in the future.

36. It is arbitrary, capricious, and unreasonable for the Township to include cost components in the Rates that are designed to allow the Township to finance future OPEB expenses. It is impermissible rate-making to charge current users to create a fund to finance future obligations. *See Grunow v. Township of Frankenmuth*, 2002 Mich. App. LEXIS 1440 (2002); *In re Foreclosure of Certain Parcels of Property*, 2014 Mich. App. LEXIS 943 (2014).

37. The OPEB Charge constitutes an unlawful tax because it has a revenue-raising and not a regulatory purpose, the amount of the Charge has no reasonable relationship with the cost of providing water and sewer services to Plaintiff and the Class, and payment of the Charge is not voluntary.

THE PUBLIC FIRE PROTECTION CHARGES

38. Public fire protection service is essentially a standby service that the water utility makes available on demand. Although most fire hydrants are rarely used, a water utility must be ready to provide adequate water quantities and pressures at all times throughout the distribution system.

39. The costs associated with maintaining the supply, treatment, pumping, storage and distribution capacity for fire protection includes a portion of the operating and maintenance costs and capital costs invested in facilities that are sized larger than necessary for non-firefighting purposes. Public fire protection costs also include the expenses associated with the installation, repair and maintenance of fire hydrants. According to the Bloomfield Township Fire Department's annual reports, the Township has approximately 3000 fire hydrants in its jurisdiction. *See* Exhibit B, Township's 2014 Annual Report.

40. The provision of public fire protection services is a governmental function which confers a benefit upon the general public benefit, and not merely the Township's water and sewer customers, and therefore must be paid for out of the Township's General Fund. *See, e.g., Lane v. City of Seattle*, 164 Wn. 2d 875, 194 P.3d 977 (Wash. 2008). *See also Bolt v City of Lansing*, 221 Mich. App. 79, 91; 561 N.W.2d 423 (1997) (Markman, J. dissenting)² ("What properly characterizes most public

² Judge (now Justice) Markman's dissent in the Court of Appeals' Bolt decision ultimately was adopted by the Supreme Court majority. *See Bolt v. City of Lansing*, 459 Mich. 152, 587 N.W.2d 264 (1998).

safety functions, such as core police and fire services, as being beyond the purview of governmental activity that might be subject to a user fee is that the benefits derived from these functions benefit the entire community generally”).

41. Even though the Township recognizes that the Water and Sewer Fund serves “over 500 miles of pipes along with thousands of manholes, hydrants, and valves” (*See* Exhibit F, p. 3), the Township does not pay the Water and Sewer Fund for public fire protection services. Instead, the Township includes the costs it incurs for public fire protection as a component of the Rates it charges to its water and sewer customers (the “Public Fire Protection Charge”).

42. The Township admits that it uses 7% of the water purchased from SOCWA for its own purposes, including firefighting. The costs associated with that water usage from hydrants is included in the Rates and paid by the Township’s water and sewer customers as part of the Public Fire Protection Charge. *See* Exhibit F, p. 2. In addition, and in violation of its own Ordinance, the Township recovers all of the costs associated with the fire protection aspect of its water supply system, including the costs of maintaining, operating, repairing and replacing hydrants and associated infrastructure components, through the Rates.

43. The Township incorporated the above Public Fire Protection Charge into the Rates and therefore each member of the class paid the Charge when they paid their water and sewer bill.

44. Moreover, the Revenue Bond Act is clear in its prohibition that “free service shall not be furnished by a public improvement to a person, firm, or corporation, public or private, or to a public agency or instrumentality.” MCL 141.118(1). Under MCL 141.118(1), “[t]he reasonable cost and value of any service rendered to a public corporation, including the borrower [the Township] by a public improvement shall be charged against the public corporation and shall be paid for as the service accrues from the public corporation’s current funds or from the proceeds of

taxes which the public corporation, within constitutional limitations, is hereby authorized and required to levy in an amount sufficient for that purpose, or both, ...”.

45. The “free service” prohibition set forth in MCL 141.118 applies to public fire protection services. *See Farmington Township v. Warrenville State Bank*, 185 F.2d 260, (6th Cir. 1950) (holding that MCL 141.118 required a township to pay the costs associated with public fire hydrants and recognizing that “[f]ire protection is a service which accrues from day to day to the public that is thereby safe-guarded”). The Township has violated MCL 141.118 because it does not impose any public fire protection charges upon itself, but instead, imposes the cost of public fire protection upon its water and sewer customers through the Rates.

THE CHARGES VIOLATE THE HEADLEE AMENDMENT

46. The Charges constitute taxes in violation of the Headlee Amendment to the Michigan Constitution.

47. In *Bolt*, the Court enforced Headlee and identified “three primary criteria to be considered when distinguishing between a fee and a tax” (459 Mich. at p. 161):

1. A user fee must serve a regulatory purpose rather than a revenue-raising purpose;
2. User fees must be proportionate to the necessary costs of the service; and
3. Payment of the fee is voluntary. [459 Mich. at pp. 161-62]

48. The Charges serve a revenue-raising purpose because, among other reasons, they are being used to finance the Township’s general governmental obligations unrelated to providing water and sewer service to Plaintiff and the Class.

49. The Charges are not proportionate to the necessary costs of the use of the Township’s water supply and sewer services by Plaintiff and the Class.

50. Payment of the Charges is not voluntary but at the very least is effectively compulsory. The Township requires or effectively requires all dwellings in the Township to be connected to the public water supply and sewer system, where available, and, by virtue of that

connection, to pay the Township's charges for water supply and sewer services. Thus, Plaintiff and other class members cannot evade payment of the Charges by eliminating or reducing their water usage.

51. Pursuant to the Township's ordinances, charges for water services, fees, cost reimbursement provisions, and penalties shall be a lien on the premises served. Exhibit A, Township Ordinance Sec. 38-224. Charges that have been delinquent for more than 6 months shall be entered upon the next tax roll against the premises served, and enforced in the same manner as property taxes. *Id.* Charges for sewer service are also a lien on the premises served, and delinquent sewer service charges are also enforced in the same manner as property taxes. Exhibit A, Township Ordinance Sec. 38-257.

CLASS ALLEGATIONS

52. Plaintiff brings this action as a class action, pursuant to MCR 3.501, individually and on behalf of a proposed class consisting of all persons or entities which have paid the Township for water and/or sewer service during the relevant class periods. The Court already has certified the Class.

53. The members of the Class are so numerous that joinder of all members is impracticable.

54. Plaintiff's claims are typical of the claims of members of the Class. Plaintiff is a member of the Class she seeks to represent because Plaintiff was injured by the same wrongful conduct that is common to and injured all other members of the Class.

55. The Township has acted wrongfully in the same basic manner as to the entire class.

56. There are questions of law and fact common to all Class Members that predominate over any questions, which, if they exist, affect only individual Class Members, including:

- a. whether the Charges imposed by the Township are taxes;

- b. whether the Charges imposed by the Township violate the Headlee Amendment;
- c. whether the Charges are reasonable;
- d. whether the Charges violate MCL 123.141;
- e. whether the Charges violate MCL 141.118;
- f. whether the Charges violate Township Ordinance § 38-225; and
- g. whether by virtue of including the Charges in the Rates, the Township has collected amounts in excess of the amounts it was legally entitled to collect.

57. Plaintiff will fairly and adequately protect the interests of the Class, and Plaintiff has no interests antagonistic to those of the Class. Plaintiff is committed to the vigorous prosecution of this action, and has retained competent and experienced counsel to prosecute this action.

58. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. The prosecution of separate actions would create a risk of inconsistent or varying adjudications. Furthermore, the prosecution of separate actions would substantially impair and impede the ability of individual class members to protect their interests. In addition, since individual refunds may be relatively small for most members of the class, the burden and expense of prosecuting litigation of this nature makes it unlikely that members of the class would prosecute individual actions. Plaintiff anticipates no difficulty in the management of this action as a class action.

COUNT I
VIOLATION OF THE HEADLEE AMENDMENT

59. Plaintiff incorporates each of the preceding allegations as if fully set forth herein.

60. The Township is bound by the Michigan Constitution of 1963, including those portions commonly known as the Headlee Amendment.

61. In particular, the Township may not disguise a tax as a fee under Article 9, Section 31 of the Michigan Constitution of 1963.

62. The Charges are disguised taxes and intended to avoid the obligations of the Headlee Amendment, including the requirement that the Charges, as taxes, be approved by a majority of the electorate.

63. The Charges have all relevant indicia of a tax:

- a. They have no relation to any service or benefit actually received by the taxpayer;
- b. The Township's inclusion of the Charges in the Rates renders the Rates disproportionate to the actual cost incurred by the Township in providing water and sewer service;
- c. The Charges are designed to generate revenue;
- d. The payers of the Charges benefit in no manner distinct from any other taxpayer or the general public;
- e. Payment of the Charges is not discretionary, but effectively mandatory;
- f. Various other indicia of a tax described in *Bolt v. City of Lansing* are present.³

64. In Judge (now Justice) Markman's dissent in the Court of Appeals' opinion in *Bolt*, which was adopted by the Michigan Supreme Court, he recognized that the portion of the water rates which support public fire protection services in various municipalities are taxes:

What properly characterizes most public safety functions, such as core police and fire services, as being beyond the purview of governmental activity that might be subject to a user fee is that the benefits derived from these functions benefit the entire community generally. . . . The preservation of public safety is a quintessential function that government provides to the community as a whole.

Bolt v City of Lansing, 221 Mich. App. 79, 91; 561 N.W.2d 423 (1997) (Markman, J. diss.)

³ Pursuant to MCR 2.112(M), Plaintiff identifies subparts (a) through (f) of Paragraph 62 as "factual questions that are anticipated to require resolution by the Court."

65. As a direct and proximate result of the Township's implementation of the Charges, Plaintiff and the Class have been harmed.

66. Plaintiff seeks her attorneys' fees and costs as allowed by Article 9, Section 32 of the Michigan Constitution of 1963 and MCL 600.308a.

67. Plaintiff seeks a refund of all amounts to which she and the Class are entitled.

COUNT II
ASSUMPSIT/MONEY HAD AND RECEIVED
UNREASONABLE WATER AND SEWER RATES

68. Plaintiff incorporates each of the preceding paragraphs as if fully set forth herein.

69. Even if the Charges are not taxes, the Water and Sewer Rates must still be reasonable. *Mapleview Estates v. Township of Brown Township*, 258 Mich. App. 412 (2003).

70. By virtue of the Township's inclusion of the Rate Overcharges, the General Fund Support Charge, the OPEB Charge and the Public Fire Protection Charge in the Rates, the Water Rates and Sewer Rates are arbitrary, capricious, and unreasonable. *See, e.g., Trahey v. Inkster*, 2015 Mich. App. Lexis 1609 (August 18, 2015) (observing that "clear evidence of illegal or improper expenses included in a municipal utility's rates" is sufficient for a court to conclude that a utility rate is unreasonable).

71. A claim to recover amounts paid to a governmental unit in excess of the amount allowed under law is properly filed as an equitable action in assumpsit for money had and received.

72. By virtue of the Township's inclusion of the Charges in the Rates, the Township has collected amounts in excess of the amounts it was legally entitled to collect. Therefore, Plaintiff is entitled to maintain an equitable action of assumpsit to recover back the amount of the illegal exaction. *See, e.g., Bond v. Public Schools of Ann Arbor*, 383 Mich. 693, 704, 178 N.W.2d 484 (1970).

73. As a direct and proximate result of the Township's improper conduct, the Township has collected millions of dollars to which it is not entitled. By paying the Charges, Plaintiff and the

Class have conferred a benefit upon on the Township.

74. Under equitable principles, the Township should be required to disgorge the amounts it unlawfully collected.

COUNT III
ASSUMPSIT/MONEY HAD AND RECEIVED – VIOLATION OF MCL 141.118

75. Plaintiff incorporates each of its preceding allegations as if fully set forth herein.

76. The Revenue Bond Act is clear in its prohibition that “free service shall not be furnished by a public improvement to a person, firm, or corporation, public or private, or to a public agency or instrumentality.” MCL 141.118(1). Under MCL 141.118(1), “[t]he reasonable cost and value of any service rendered to a public corporation, including the borrower [the Township] by a public improvement shall be charged against the public corporation and shall be paid for as the service accrues from the public corporation’s current funds or from the proceeds of taxes which the public corporation, within constitutional limitations, is hereby authorized and required to levy in an amount sufficient for that purpose, or both, ...”

77. The Township has violated MCL 141.118 because it does not impose any public fire protection charges upon itself, but instead, imposes the cost of public fire protection upon its water and sewer customers through the Public Fire Protection Charge.

78. The Township has also violated MCL 141.118 because it provides free, unmetered water and sewer service to Township-owned facilities.

79. The Township is receiving a free service that is prohibited by MCL 141.118 by imposing its public fire protection costs upon its water and sewer customers and by failing to pay for water and sewer service to Township-owned facilities.

80. A claim to recover amounts paid to a governmental unit in excess of the amount allowed under law is properly filed as an equitable action in assumpsit for money had and received.

81. By virtue of the Township's inclusion of the Public Fire Protection Charge and the cost of water and sewer service for Township facilities in the Rates, the Township has collected amounts in excess of the amounts it was legally entitled to collect. Therefore, Plaintiff is entitled to maintain an equitable action of assumpsit to recover back the amount of the illegal exaction. *See, e.g., Bond v. Public Schools of Ann Arbor*, 383 Mich. 693, 704, 178 N.W.2d 484 (1970).

82. As a direct and proximate result of the Township's improper conduct, the Township has collected millions of dollars to which it is not entitled. By paying the Charges, Plaintiff and the Class have conferred a benefit upon on the Township.

83. Under equitable principles, the Township should be required to disgorge the amounts it unlawfully collected and, pursuant to MCL 141.118, should be enjoined to impose a charge upon itself for public fire protection services and water and sewer services to Township facilities provided by the Township's Water and Sewer Fund.

COUNT IV
ASSUMPSIT/MONEY HAD AND RECEIVED – VIOLATION OF MCL 123.141

84. Plaintiff incorporates each of the preceding allegations as if fully set forth herein.

85. The Township has violated MCL 123.141(3) by selling water to Plaintiff and the Class at a retail rate in excess of the Township's actual cost of providing water service.

86. MCL 123.141(3) was enacted for the purpose of protecting retail consumers of water, like Plaintiffs and the Class, from being overcharged for water service.

87. Plaintiffs and the Class have been injured as a direct and proximate result of the Township's violation of MCL 123.141(3) because they have paid or incurred amounts in excess of the amounts they should have paid for water service had the Township established Water Rates that did not exceed the Township's actual costs of providing water service.

88. A claim to recover amounts paid to a governmental unit in excess of the amount allowed under law is properly filed as an equitable action in assumpsit for money had and received.

89. By virtue of the Township's inclusion of the Public Fire Protection Charge and the cost of water and sewer service for Township facilities in the Rates, the Township has collected amounts in excess of the amounts it was legally entitled to collect. Therefore, Plaintiff is entitled to maintain an equitable action of assumpsit to recover back the amount of the illegal exaction. *See, e.g., Bond v. Public Schools of Ann Arbor*, 383 Mich. 693, 704, 178 N.W.2d 484 (1970).

90. As a direct and proximate result of the Township's improper conduct, the Township has collected millions of dollars to which it is not entitled. By paying the Charges, Plaintiff and the Class have conferred a benefit upon on the Township.

91. Plaintiffs and the Class are entitled to receive a refund corresponding to the total amount of the overcharges for water service (the "Water Rate Overcharges") imposed or collected by the Township during the six year period prior to the filing of this action.

92. Under equitable principles, the Township should be required to disgorge the revenues attributable to the Water Rate Overcharges imposed or collected by the Township during the six year period prior to the filing of this action and refund those Overcharges to Plaintiffs and the Class.

COUNT V
ASSUMPSIT/MONEY HAD AND RECEIVED
VIOLATION OF TOWNSHIP ORDINANCE § 38-225

93. Township Ordinance § 38-225 requires the Township to "pay for all water used by it in accordance with the foregoing schedule of rates" (i.e., the rates established by Ordinance §§ 38-210 through 38-224), and further requires the Township to pay the Water and Sewer Fund a fee of \$10 per hydrant, per year, for water use and to further reimburse the Water and Sewer Fund for the costs associated with the operation, maintenance, repair and replacement of those hydrants.

94. The Township does not pay for the water it uses in Township facilities or through public hydrants, and does not pay the Water and Sewer Fund any annual amount for each fire hydrant.

95. The Township nevertheless includes Public Fire Protection Charges in its Rates, and includes the cost of water used in Township facilities in its Rates by imposing 100% of the cost of water upon persons and entities who use only 93% of the water.

96. A claim to recover amounts paid to a governmental unit in excess of the amount allowed under law is properly filed as an equitable action in assumpsit for money had and received.

97. By including the cost of the Township's water and sewer service to its facilities, the \$10 per hydrant water use fee and the costs associated with the operation, maintenance, repair and replacement of hydrants in the Rates, Township has collected amounts in excess of the amounts it was legally entitled to collect. Therefore, Plaintiff is entitled to maintain an equitable action of assumpsit to recover back the amount of the illegal exaction. *See, e.g., Bond v. Public Schools of Ann Arbor*, 383 Mich. 693, 704, 178 N.W.2d 484 (1970).

98. As a direct and proximate result of the Township's improper conduct, the Township has collected millions of dollars to which it is not entitled. By paying the Charges, Plaintiff and the Class have conferred a benefit upon on the Township.

99. Under equitable principles, the Township should be required to disgorge the amounts it has unlawfully collected.

PRAYER FOR RELIEF

WHEREFORE Plaintiff requests that the Court grant the following relief:

A. Certify this action to be a proper class action with Plaintiff certified as the Class Representative and Kickham Hanley PLLC designated as Class Counsel;

B. With respect to Count I, define the Class to include all persons or entities which have paid the Township for Water and/or Sewer Service at any time in the one year preceding the filing of this lawsuit or which pay the Township for Water and/or Sewer Service during the pendency of this action;

C. With respect to Counts II, III, IV, and V, define the Class to include all persons or entities which have paid the Township for Water and/or Sewer Service at any time in the six years preceding the filing of this lawsuit or which pay the Township for Water and/or Sewer Service during the pendency of this action;

D. Enter judgment in favor of Plaintiff and the Class and against the Township, and order and direct the Township to disgorge and refund all Charges collected during the class period(s) and to pay into a common fund for the benefit of Plaintiff and all other members of the Class the total amount of Charges to which Plaintiff and the Class are entitled;

E. Appoint a Trustee to seize, manage and distribute in an orderly manner the common fund thus established;

F. Find and declare that the Charges violate the Headlee Amendment, are unlawful and unreasonable, and permanently enjoin the Township from imposing or collecting the Charges;

G. Award Plaintiff and the Class the costs and expenses incurred in this action, including reasonable attorneys', accountants', and experts' fees; and

H. Grant any other appropriate relief.

KICKHAM HANLEY PLLC

/s/ Gregory D. Hanley

Gregory D. Hanley (P51204)

Jamie Warrow (P61521)

Edward F. Kickham Jr. (P70332)

32121 Woodward Avenue, Suite 300

Royal Oak, Michigan 48073

(248) 544-1500

Counsel for Plaintiff and the Class

Date: December 12, 2016

CERTIFICATE OF SERVICE

I hereby certify that on December 12, 2016, I electronically filed the foregoing pleadings with the Clerk of the Court using the court's electronic filing system.

/s/ Kim Plets

Kim Plets

KH148545

EXHIBIT A

ARTICLE IV. - RATES AND CHARGES

DIVISION 1. - GENERALLY

Secs. 38-185—38-209. - Reserved.

DIVISION 2. - WATER

Sec. 38-210. - Definitions.

The following words, terms and phrases, when used in this division, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Lateral or its plural means any pipes other than water service pipes used for conveying or distributing water.

Main or its plural means any pipes other than water service pipes used for conveying or distributing water.

Premises means each lot or parcel of land, building or premises having any connection to the water supply system of the township.

Unit means any property which uses that quantity of water ordinarily arising from the occupancy of a residence building by a single family of ordinary size as set forth in the Schedule of Factors of the Oakland County Drain Commissioner, which schedule and its provisions are hereby incorporated herein and made a part hereof. The total unit assignment for any particular usage shall be a whole number unit assignment and any fractional portion thereof shall be considered the next higher whole unit count.

User means any person, firm, association or corporation actually owning or leasing any premises supplied, or to be supplied, with township water, or their authorized agent.

Water service pipes means pipe tapped into the water main or lateral and extending thence to the meter, including appurtenances connected thereto.

Water supply system means the complete water system, including all water mains and laterals, all pumping stations and all other facilities now owned, leased or hereafter acquired by the township, used or useful in connection with the furnishing of water, except those parts of the water service pipes located upon private property.

(Ord. No. 87, §§ 1.01, 1.05—1.11, 9-23-1963)

Sec. 38-211. - Water service connection.

Before any connection shall be made to any water main or lateral, application for the same shall be made in writing to the department by the owner of the premises to be served, or by his or her authorized agent. Such application shall be made on forms provided by the department. The owner, user, and/or applicant for a water connection permit by such application implicitly agrees to abide by all rules and regulations of the department in all due respects, but more especially with those respecting the responsibility for the payment for water and this section is expressly made a part of such application.

(Ord. No. 87, § 2.01, 9-23-1963)

Sec. 38-212. - Payment of charges.

No connection shall be made until the applicant has paid the necessary connection charge, together with the necessary deposit, or fee if known, for the same in accordance with the provisions of this division.

(Ord. No. 87, § 3.01, 9-23-1963)

Sec. 38-213. - Nonresident connection.

Property owners not within the township may connect into the township water system only on the prior approval of the township board. All connections shall comply with this division.

(Ord. No. 87, § 4.01, 9-23-1963)

Sec. 38-214. - Water consumption charge.

A charge for water service shall be made to each of the premises connected to the system in an amount set by resolution of the township board. In those instances wherein a premises is connected to the system and a meter has not been installed, the charge for water service shall be an amount set by resolution of the township board.

(Ord. No. 87, § 5.01, 9-23-1963; Ord. No. 285, § 1.01, 1-26-1976; Ord. No. 541, § 1.01, 6-23-2003; Ord. No. 557, § 1.01, 6-27-2005; Ord. No. 573, § 1.01, 9-11-2006; Ord. No. 580, § 1.01(5.01), 3-26-2007; Ord. No. 598, § 1, 7-28-2008; Ord. No. 609, § 1, 4-13-2009; Ord. No. 620, § 1, 3-22-2010)

Sec. 38-215. - Meter service charge.

There shall be no meter charge for premises connected to the water system except for those premises utilizing meters in excess of two inches in diameter. The charge for meters in excess of two inches in diameter shall be determined by resolution of the township board.

(Ord. No. 87, § 6.01, 9-23-1963; Ord. No. 285, § 1.01, 1-26-1976)

Sec. 38-216. - Presently connected premises.

Premises presently connected to an existing township water main shall not be required to pay a capital or direct connection charge but will pay a debt service charge as hereinafter provided in addition to the water consumption and meter charge provided herein.

(Ord. No. 87, § 7.01, 9-23-1963)

Sec. 38-217. - Capital charge.

There shall be a capital charge of \$100.00 per unit, payable at the time the application is approved for connection of any premises to the water supply system.

(Ord. No. 87, § 8.01, 9-23-1963)

Sec. 38-218. - Direct connection charge.

(a) There shall be a connection charge of \$7,000.00 payable at the time the application is approved, for the direct connection of any premises to the water supply system in the following instances, to-wit:

- (1) A main wherein the cost was financed by the township water system;
- (2) Such site was for any reason not specially assessed for the cost thereof and the bond issue therefor has been retired;

- (3) The site is located upon an off-site water main financed by someone other than the township.
- (b) Provided, however, such connection charge shall not apply in the following instances, to-wit:
 - (1) The site is directly located on a water main which was financed by a developer solely to serve the subdivision or parcel developed;
 - (2) The site is required to construct eight inch diameter or larger water main equipped with a hydrant to serve said site.

(Ord. No. 87, § 9.01, 9-23-1963; Ord. No. 468, § 1.01, 11-22-1993)

Sec. 38-219. - Deferred payment.

As an alternative, the connection charge required by section 38-218 may be paid over a period of five years. In the event that the owner of such premises selects to make payments over a period of five years, he or she shall give the township a lien on such premises for the amount of such charge and pay one-fifth of said charge plus the required fee for recording the lien to the treasurer of the township. On the next successive December 1, and annually thereafter, the treasurer shall bill the owner one-fifth of the said charge plus interest at the rate established by the township board but not to exceed nine percent per annum on the unpaid balance. If such annual billings are unpaid by the following January 20 of any year, the yearly charge shall be subject to the penalty as provided by law for unpaid taxes, and if said charges remain unpaid as of the following February 28, they shall be returned delinquent. Any owner may elect to prepay said amount with interest at the rate established by the township board but not to exceed nine percent per annum on the unpaid balance at any time so long as he is not delinquent hereunder.

(Ord. No. 468, § 1.01(9.02), 11-22-1993)

Sec. 38-220. - Special charges.

The capital and direct connection charge for any premises not covered by the foregoing shall be set by resolution of the township board.

(Ord. No. 87, § 10.01, 9-23-1963)

Sec. 38-221. - Water debt service charge.

In addition to the capital, direct connection, water consumption and meter charges provided hereinbefore, there shall be an annual debt service charge of \$32.00 per residential equivalent unit for the first 15 residential equivalent units and \$4.00 per residential equivalent unit for additional units up to a maximum of 200 residential equivalent units for each premises connected to the water supply system, such charge to continue until any and all indebtedness for the water supply system is retired by the township. The collection of the debt service charge shall be included on all water billings, with the exception of secondary meters, which will be billed quarterly at \$8.00 per residential equivalent unit or monthly at \$2.67 residential equivalent unit. Once a premises has been connected to the water supply system, subsequent changes in the character of the use of said premises, including partial or total destruction, removal or abandonment of any or all improvements thereon, shall not abate the obligation to continue the payments of the debt service charge assigned at the time of connection, and if subsequent changes in the use of the premises increase the residential equivalent unit, the township may increase the residential equivalent unit assigned to the premises for payment of the debt service charge for the remainder of the debt period. The debt service charges shall apply to all water bills effective July 1, 2008.

(Ord. No. 599, § 1, 6-23-2008)

Sec. 38-222. - Effective date of charges.

The capital and direct connection charge shall become effective on the effective date of the ordinance from which this division is derived. The water consumption charge shall become effective on the first quarterly billing date following January 1, 1964. Quarterly billing periods shall be the same periods as presently exist within the system.

(Ord. No. 87, § 12.01, 9-23-1963; Ord. No. 370, § 2.01, 5-29-1984; Ord. No. 599, § 1, 6-23-2008)

Sec. 38-223. - Billings.

Charges for services furnished by the system shall be billed and collected quarterly by the department. Such charges shall become due when billed, which shall not exceed 30 days after reading of the water meter and if such charges are not paid within 20 days from the billing date, then a penalty of ten percent shall be added thereto. In the event that the charges for any such services furnished to any premises shall not be paid within 30 days after the due date thereof, then all services furnished by the system to such premises shall be discontinued. Services so discontinued shall not be restored until all sums then due and owing, including penalties, shall be paid, plus a turn-on charge of \$3.00.

(Ord. No. 87, § 13.01, 9-23-1963; Ord. No. 599, § 1, 6-23-2008)

Sec. 38-224. - Collection.

Charges for services furnished by the system to any premises shall be a lien thereon, and on September 1 of each year the person charged with the management of said system shall certify any such charges which have been delinquent six months or more to the supervisor who shall enter same upon the next tax roll against the premises to which said service shall have been rendered, and such charges shall be collected and said lien shall be enforced in the same manner as provided in respect to taxes assessed upon such roll. Prior to occupancy, if notice is given to the department in writing that a tenant is responsible for any such charges with a copy of the lease, if any, the charges shall not become a lien on the property, and in such case, a cash deposit equal to three times the average quarterly charge will be required as security for payment before any service is furnished.

(Ord. No. 87, § 14.01, 9-23-1963; Ord. No. 599, § 1, 6-23-2008)

Sec. 38-225. - Service to township.

The township shall pay for all water used by it in accordance with the foregoing schedule of rates. The township shall pay a flat charge for water used or available through fire hydrants of \$10.00 per year, per hydrant, connected to the system. Charges for hydrants shall be paid annually.

(Ord. No. 87, § 15.01, 9-23-1963; Ord. No. 599, § 1, 6-23-2008)

Sec. 38-226. - Basis of charges.

All water service shall be charged on the basis of water consumed as determined by a meter installed on the premises of the user by the department.

(Ord. No. 87, § 16.01, 9-23-1963; Ord. No. 599, § 1, 6-23-2008)

Sec. 38-227. - Water service pipe cost.

The cost of water service pipe shall be paid by the property owner.

(Ord. No. 87, § 17.01, 9-23-1963; Ord. No. 599, § 1, 6-23-2008)

Sec. 38-228. - Fixed charges.

The charges hereby fixed are estimated 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 same in good repair and working order; to provide for the payment of the water charges required to be paid to the City of Detroit; to provide for the payment of the annual payments required to be made to the county; and to provide for such other expenditures and funds for said system as may be required. Such rates shall be fixed and revised from time to time as may be necessary to provide these amounts.

(Ord. No. 87, § 18.01, 9-23-1963; Ord. No. 599, § 1, 6-23-2008)

Secs. 38-229—38-253. - Reserved.

DIVISION 3. - SEWERS GENERALLY**Sec. 38-254. - Definitions.**

The following words, terms and phrases, when used in this division, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Premises means any property from which emanates that quantity of sewage ordinarily arising from the occupancy of a residential building by single family of ordinary size as determined by the board.

Public sanitary sewer means the complete sanitary sewer system of the township, including sewers in the township known as Evergreen Sanitary Sewer and Walnut Lake Arm of Farmington Sanitary Sewer.

Sewer means any public sanitary or combined public stormwater and sanitary sewer located within the township.

(Ord. No. 158, § 1.01, 4-24-1967)

Sec. 38-255. - Charge for sewage treatment.

Each premises within the township connected directly or indirectly to a public sanitary sewer shall pay a consumption charge or charge for sewage treatment as follows:

- (1) Each premises not connected to the township water system shall pay a charge in an amount set by resolution of the township board for sewage disposal, unless the premises private water supply system is metered in conformance to the requirements of those premises connected to the township water system, then such premises shall be charged as specified in subsection (2) of this section.
- (2) For those premises connected to the township water system the sewage disposal charge shall be an amount set by resolution of the township board.
- (3) For miscellaneous services for which a special rate or charge should be established or for services not covered by provisions of this division, including by way of illustration and not of limitation such as for any parcels of property used for other than single-family residential purposes as defined in section 38-254, the board shall establish a special rate or charge by resolution.

(Ord. No. 158, § 2.01, 4-24-1967; Ord. No. 540, § 1.01, 6-23-2003; Ord. No. 561, § 2.01(a), (b), 9-6-2005; Ord. No. 574, § 1.01, 9-11-2006; Ord. No. 581, § 1.01, 3-26-2007; Ord. No. 610, § 1, 4-13-2009; Ord. No. 620, § 2, 3-22-2010)

Sec. 38-256. - Method of charging for use of the wastewater system.

- (a) Rates and charges for the use of the wastewater system of the township are hereby established and made against each lot, parcel of land or premises which may have direct or indirect connections to the system or which may otherwise discharge wastewater either directly or indirectly into the system.
- (b) The rates and charges hereby established shall be based upon a methodology which complies with applicable federal and state statutes and regulations. The amount of the rates and charges shall be sufficient to provide for debt service and for the expenses of operation, maintenance and replacement of the system as necessary to preserve the same in good repair and working order. The amount of the rates and charges shall be reviewed annually and revised when necessary to ensure system expenses are met and that all users pay their proportionate share of operation, maintenance and equipment replacement expenses.
- (c) The amount of such rates and charges and the intervals at which users of the wastewater system are billed shall be determined by ordinance.
- (d) The rates and charges for operation, maintenance and replacement hereby established shall be uniform within the area serviced by the township. No free service shall be allowed for any user of the wastewater system.
- (e) All customers of the township wastewater system shall receive an annual notification, either printed on the bill or enclosed in a separate letter, which will show the breakdown of the wastewater disposal bill into its components for:
 - (1) Operation, maintenance and replacement; and
 - (2) Debt service.

(Ord. No. 158, § 3.01, 4-24-1967; Ord. No. 454, § 1.01, 6-8-1992)

Sec. 38-257. - Charges and rates for sewage service.

The charges and rates for sewage services provided in this division which are under the provisions of section 21 of Public Act No. 94 of 1933 (MCL 141.121), made a lien on all premises served thereby, unless notice is given that a tenant is responsible, are hereby recognized to constitute such lien, and whenever any such charge against any piece of property shall be delinquent for six months, the township official in charge of the collection thereof shall certify annually on October 1 of each year, to the assessor of the township, fact of such delinquency, whereupon such charge shall be by him or her entered upon the next tax roll as a charge against said premises and shall be collected and the lien thereof enforced in the same manner as general township taxes against such premises are collected and the lien thereof enforced; provided, however, where notice is given and a tenant is responsible for such charges and service as provided by section 21 of said Act, no further service shall be rendered to such premises until a cash deposit of not less than \$25.00 shall have been made as security for payment of such charges and service. In addition to other remedies provided, the township shall have the right to shutoff and discontinue the supply of water to any premises for the nonpayment of sewer rates and charges when due. If such charges are not paid within 30 days after the due date thereof, then water services to such premises shall be discontinued. Water services so discontinued shall not be restored until all sums due and owing are paid, plus a turn-on charge of \$3.00.

(Ord. No. 158, § 4.01, 4-24-1967)

Sec. 38-258. - No granting of vested rights, license, privilege or permit.

It is hereby expressly declared that nothing in this division shall be held or construed to give or grant to any person any vested right, license, privilege or permit.

(Ord. No. 158, § 5.01, 4-24-1967)

Secs. 38-259—38-284. - Reserved.

DIVISION 4. - EVERGREEN SANITARY SEWER

Sec. 38-285. - Definitions.

The following words, terms and phrases, when used in this division, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Evergreen sanitary sewer means the Evergreen Sanitary Sewer acquired and constructed by the County of Oakland pursuant to certain contracts between the County of Oakland and the township and certain other municipalities, dated November 10, 1958, and as amended December 22, 1958, and February 24, 1959.

Premises means any property from which emanates that quantity of sewage ordinarily arising from an occupancy of a residential building by a single family of ordinary size.

Sewer means all sanitary sewers within the township which are or shall be constructed or connected as to flow directly or indirectly into the Evergreen Sanitary Sewer.

(Ord. No. 66, § 1.01, 1-8-1962)

Sec. 38-286. - Debt service charge.

In addition to the consumption charge or any other lawful charge or fee, and notwithstanding any other ordinance or resolution, each premises within the township connecting to a sewer shall pay a debt service charge as follows:

- (1) Each premises connecting directly or indirectly to the Evergreen Sanitary Sewer shall pay a debt service charge of \$2,000.00 per residential equivalent unit (REU). Said charges shall be paid by each premises at the time connection is made to any sewer. This shall include the reconnection to the sewer required during reconstruction or redevelopment of property that previously was connected and the structure served had been demolished or reconstructed. As an alternative, said charge may be paid by the premises on which a single-family residential building is located on the effective date of the ordinance from which this division is derived over a period not exceeding five years. In the event that the owner of such premises elects to make the payment over a period of five years, the owner shall give the township a lien on such premises for the amount of said charge and pay one-fifth of said charge plus the fee required for recording the lien to the treasurer of the township. On the next successive December 1, the treasurer shall bill the owner one-fifth of the said charge plus interest at the rate established by the township board but not to exceed nine percent on the unpaid balance. If such annual billings are unpaid by the following January 20 of any year, the yearly charge shall be subject to a penalty as provided by law for unpaid taxes, and if said charges remain unpaid as of the following February 28, they shall be returned delinquent, with the interest and penalty added by the county treasurer for collection in the same manner in which the township, county or school taxes are returned delinquent. Any

owner of a premises may elect to prepay said amount with interest at the rate established by the township board but not to exceed nine percent per annum on the unpaid balance at any time so long as the owner is not delinquent hereunder.

- (2) Each premises connecting directly or indirectly to the Evergreen Sanitary Sewer wherein the capital costs were not specifically assessed against said premises shall pay a debt service charge of \$11,000.00 in the same manner as provided in subsection (1) of this section, and provided further, that if permanent easement was required and said permanent easement was voluntarily granted by the owner of said premises in the construction of said Evergreen Sanitary Sewer, or additions thereto, then and in that event, the debt service charge for said connection, directly or indirectly, to said Evergreen Sanitary Sewer shall be \$9,000.00, payable in the manner as is provided in subsection (1) of this section.
- (3) Each parcel of property used for other than a single family purpose, connecting directly or indirectly to the Evergreen Sanitary Sewer shall pay a debt service charge fixed by resolution of the township board, which sum shall be comparable to the charge in subsection (1) of this section, after taking into consideration the amount of sanitary sewage which will be discharged from such building and in accordance with the unit factors adopted from time to time by the county drain commissioner; provided however, that the total unit assigned for any particular usage shall be a whole number unit assigned and any fractional portion thereof shall be considered the next higher whole unit count. Said service charge shall be paid for each parcel of property at the time the connection is made to any sewer. The same alternative as set forth in subsection (1) of this section for installment payments of this charge shall be available to those existing uses other than for single-family residential providing there are no prior liens or mortgages existing against said property, or if any such prior liens or mortgages exist, that the owner of said parcel of property furnish acceptable proof to the township board that the holder of such liens or mortgages as the case may be, has subordinated its liens or mortgages to the lien of the township.
- (4) All new construction shall pay all such debt service charge in full prior to the issuance of a building permit.
- (5) The foregoing provisions of this division shall not apply to any premises upon which a connection charge for the Evergreen Sanitary Sewer has heretofore been paid.
- (6) Once a property has been connected to the Evergreen Sanitary Sewer either directly or indirectly, subsequent changes in the character of the use of said property, including partial or total destruction, removal or abandonment of any or all improvements thereon, shall not abate the obligation to continue the payments of the debt service charge assigned at the time of connection, and if subsequent changes in the use of the property increase the amount of sewage emanating from the property, the township board may increase the debt service charge assigned to said property and the debt service charge computed on the basis of the increased use shall be payable during the remainder of the period hereinbefore provided.
- (7) For miscellaneous services for which a special rate should be established, or for services not covered by the provisions of this division or any other applicable ordinance or resolution, the township board shall establish a special rate.

(Ord. No. 66, § 2.01, 1-8-1962; Ord. No. 469, § 1.01, 11-22-1993; Ord. No. 558, § 1.01, 6-27-2005)

Sec. 38-287. - Change of rates.

The rates hereby fixed are established to be sufficient to provide for the payment of the annual payments required to be made to the county in connection with the Evergreen Sanitary Sewer. Such rates shall be fixed and revised from time to time as may be necessary to produce the required amount.

(Ord. No. 66, § 3.01, 1-8-1962)

Sec. 38-288. - Required connection.

No property within that portion of the township which lies within the area served by the Evergreen Sanitary Sewer, shall be connected, directly or indirectly, with any sewer until the owner thereof shall have first complied with the provisions of this division or any other applicable ordinance or resolution of the township. Any property or properties from which sanitary sewage emanates as defined, shall be connected to an available public sanitary sewage collection facility as defined in said Act in accordance with the provisions of said Act, and the provisions of this division and other applicable ordinances and resolutions of the township.

(Ord. No. 66, § 4.01, 1-8-1962)

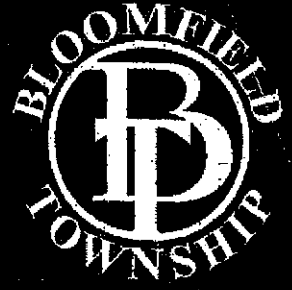
Sec. 38-289. - Penalty.

Any person convicted of disposing of sewage in a manner contrary to the provisions of this division, or in any other way violating the provisions of this division, shall be guilty of a misdemeanor.

(Ord. No. 66, § 5.01, 1-8-1962)

Secs. 38-290—38-315. - Reserved.

EXHIBIT B



ANNUAL REPORT 2014

CONTACT US:

For all questions regarding any DPW services or operations:
Our office hours are Monday – Thursday, 7:00 AM – 5:30 PM

PHONE: 248-594-2800

FAX: 248-594-2810

ADMINISTRATION

Thomas W. Trice – DPW Director
Rich Davis – DPW Superintendent
Katie M. Schlutow – Public Works Manager

ROAD DIVISION

Duane Poole – Road Foreman
road@bloomfieldtp.org
Snow Emergency Hotline: 248-594-2848

WATER & SEWER DIVISION

Ken Brown – Water Foreman
water@bloomfieldtp.org
Water Emergency Line: 248-433-7730

FLEET & BUILDING MAINTENANCE

Noah Mehalski – Fleet/Facilities Manager

GROUNDS MAINTENANCE

Dean Begley – Grounds Foreman

RIZZO SERVICES

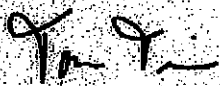
1-866-772-8900

Message from the Director:

Public Works is an integral part of the many services that are provided to the Township residents. Whether it be the actual infrastructure of our roads or water & sewer systems or the many vehicles and equipment utilized by Police & Fire services or the buildings that Township employees come to work in every day, Public Works is responsible for maintaining all of those many systems and assets. We achieve this through the labor and commitment that our highly skilled employees put into their jobs every day. They are the reason the Township's services stand above the rest.

On behalf of the entire staff of the Department of Public Works, it is my pleasure to present the 2014 Annual Report. I hope this report provides good insight into the services we provide as well as a better understanding of our daily operations.

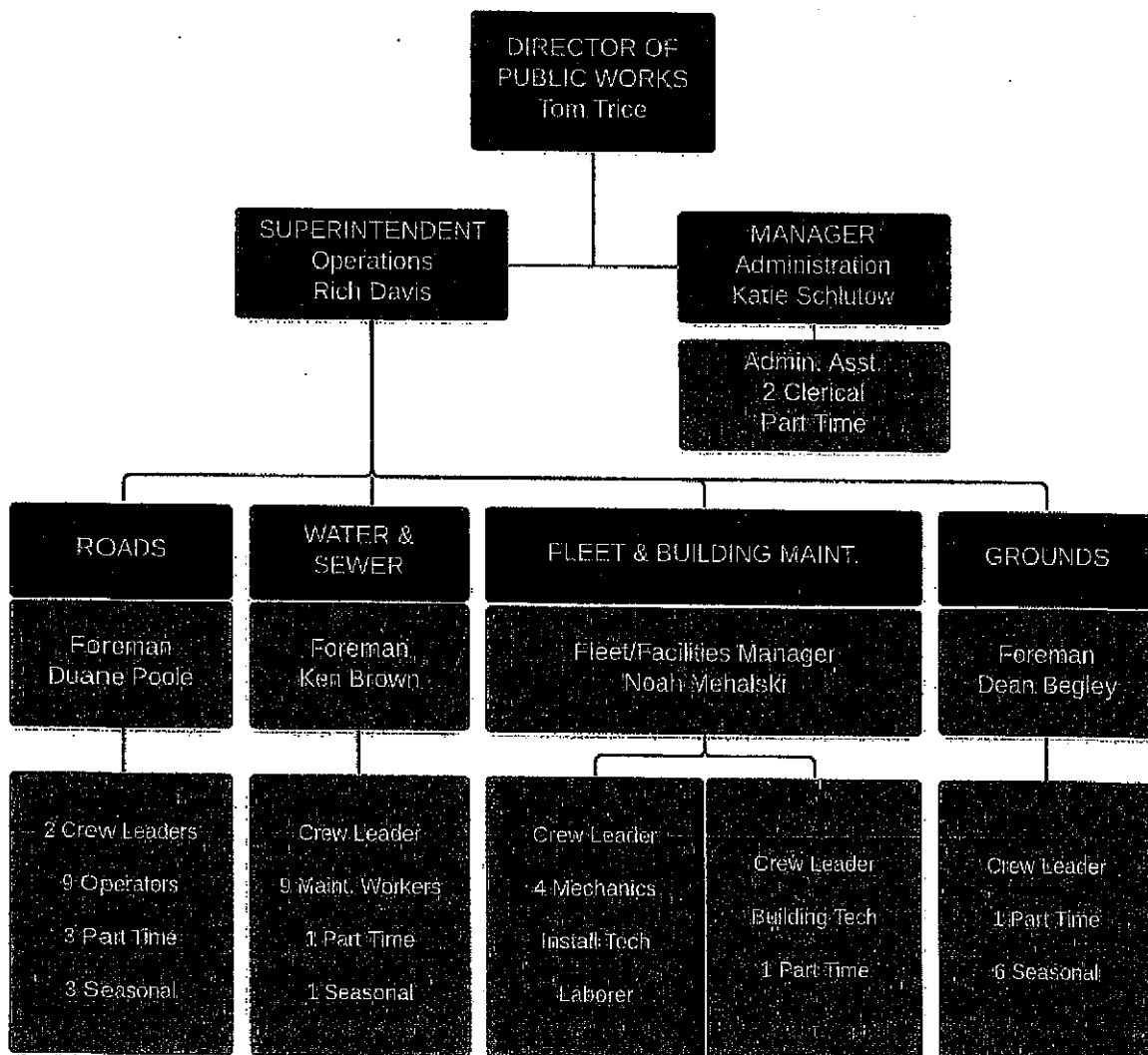
Thank you,



Thomas W. Trice
Public Works Director

MISSION STATEMENT

The Department of Public Works Administrative and Field staff commits to bring our best to work each day with a positive professional attitude towards providing the highest level of service possible to our customers.



DEPARTMENT PERSONNEL

Division	Employee	Title	Date of Hire	Years of Service
Administration	Tom Trice	Director	09/19/2005	9
	Rich Davis	Superintendent	03/24/1987	28
	Katie Schlutow	Manager	03/28/2005	10
	Tia Kollar	Admin. Assistant	12/11/2000	14
	Kim Sasser	Customer Service	12/09/1996	18
	Kelly Lagarde	Customer Service	10/31/2005	9
Road Division	Duane Poole	Road Foreman	02/23/1999	16
	Richard Bogusky	Crew Leader	04/13/1998	16
	Marco Nervo	Crew Leader	12/08/2002	12
	Clint Harwood	Operator	04/18/1993	21
	Jason Simpson	Operator	10/21/1995	19
	Jon Grigsby	Operator	04/01/1997	17
	Sean Caverly	Operator	08/23/1997	17
	Adam Roose	Operator	06/19/2004	10
	Bruce Carnahan	Operator	11/08/2004	10
	Jeff Krauskopf	Operator	01/13/2007	8
	James Davis	Operator	06/04/2011	3
	Glenn Wood II	Operator	09/26/2011	3
Water Division	Ken Brown	Water Foreman	06/01/1987	27
	Craig Lewis	Crew Leader	11/26/2001	13
	Rick Jenkinson	Water Operator	08/09/1999	15
	Steve Sierota	Water Operator	05/18/2001	13
	Paul Palace	Water Operator	07/09/2001	13
	David Keller	Water Operator	07/21/2003	11
	Kris Schlutow	Water Operator	07/19/2004	10
	Michael Domine	Water Operator	02/25/2008	7
	Shane Beslock	Water Operator	04/29/2011	3
	Josh Eubanks	Water Operator	11/21/2011	3
	Patrick McNamara	Water Operator	10/07/2013	1
Fleet/Facilities Maintenance	Noah Mehalski	Fleet/Facilities Manager	10/15/2007	7
	Pat Quinn	Facilities Crew Leader	11/01/1999	15
	Bill Diviney	Fleet Crew Leader	01/10/2000	15
	Joseph Davis	Master Mechanic	03/24/1987	28
	Michael Rogers	Master Mechanic	08/17/1992	22
	James Finkley	Master Mechanic	07/04/1994	20
	Brett Moshier	Install/Service Tech	06/14/1999	15
	James Rowland	Maintenance Tech	02/25/2008	7
	Dave Stacherski	Master Mechanic	02/21/2012	3
	Rob Stacherski	Laborer	11/24/14	<1
Grounds Maintenance	Dean Begley	Grounds Foreman	08/22/1998	16
	Hillary Drotoz	Crew Leader	11/25/2002	12



WATER

WATER & SEWER DIVISION

The Water & Sewer Division is responsible for distributing safe drinking water to more than 16,000 customers. Drinking water is treated, tested and monitored on a continuous basis to ensure that it meets or exceeds all federally mandated requirements governing its quality.

The Water & Sewer Division is also responsible for providing a means to collect sanitary sewage disposal from more than 11,000 homes and businesses for transportation to the City of Detroit's wastewater treatment plant. The Division maintains the sewers and operates 9 sewage-pumping stations, which have been recently upgraded to ensure continuous operation.

The Water and Sewer Division employees all maintain Drinking Water Operator Certifications and are on call 24 hours a day as first responders.

The Water & Sewer Division performs many functions in order to ensure quality services. Some of those functions include the following:

WATER SUPPLY

- Maintain positive operating pressure over approximately 280 miles of public water mains that range in diameter from 6" to 24"
- Repair and maintain pressure regulating valves (PRV's) at 12 locations throughout the Township.
- Perform emergency repairs on public water mains as necessary.
- Repair and maintain over 2,900 fire hydrants.
- Repair and maintain over 2,900 operating valves.
- Install new water service connections to property lines.
- Locate underground pipes for Miss Dig.
- Collect water samples for testing.
- Maintain a 1-million gallon storage tank and booster station.

WE MAINTAIN

- 280 miles of public water mains
- 210 miles of sanitary sewer pipes

SEWAGE COLLECTION

- Maintain over 210 miles of sewer pipes to ensure sewage can flow freely by gravity.
- Inspect and repair 6559 sanitary manholes
- Perform necessary emergency repairs of sewer pipes.
- Clean public sewers with vactor truck.
- Internally inspect public sewers with video equipment.
- Maintain pumping facilities for continuous operations.

A look at the numbers...

Number of Meters replaced	201
Number of Main Breaks	44
Linear Feet of Sewer Lines cleaned	63,379
Number of Miss Dig requests	3,205
Number of Hydrants replaced	11

WATER & SEWER DIVISION

SOCWA

In July of 2011, the Township began purchasing water from Southeast Oakland County Water Authority (SOCWA) instead of directly from Detroit Water and Sewerage Department (DWSD). The large water storage capacities provided by SOCWA allow them to avoid more costly peak demand charges and provide a more stable rate. Since 2011, we have been able to avoid costs of over \$6 million for purchasing water as opposed to staying directly with DWSD. We are continuing our efforts with SOCWA to seek a permanent membership status with their organization.

Usage Rates

The water and sewer usage rates are billed per 1000 gallons based on the water volumes read on the customer's water meters. These rates consist of four components: 1) commodity charges, 2) operating expenses, 3) depreciation, and 4) capital projects.

1. **Commodity Charges** - The commodity charges are the largest component, making up 63% of the rates. These are the pass through costs from SOCWA for water and from the OCWRC for the sewage treatment. Both agencies are wholesale customers of DWSD and their costs consist largely on what DWSD charges them.
2. **Operating Expenses** - The Township DPW – Water Division is responsible for operating and maintaining the water and sewer system which includes a one million gallon storage reservoir, ten pumping facilities, over 500 miles of pipes along with the attached manholes, hydrants and valves. In addition over 15,000 water meters are read, billed and serviced. Township operating costs have been very consistent over the past several years, making up approximately 20% of the charges.
3. **Depreciation** - The average age of the water and sewer pipes within the Township's system is 50 years old with some pipes nearly 90 years old. Much of the system is nearing or is beyond half of their useful service life. Depreciation makes up approximately 8% of the rates.
4. **Capital Projects** - Since 2006, the Township has bonded for major repairs and replacements needed for both systems. This adds additional cost to the customer to pay the debt for the bond. Depreciation alone is not a sufficient amount needed to continue the current and future capital projects. Including a component in the rate for capital projects will help the Township build the necessary reserve without selling bonds. New in 2015, a component in the rates of about 9% will be included to build up the reserve funds for current and future capital projects.

Water & Sewer Rates

Effective April 1, 2015

Water (per 1,000 gal)	\$ 5.20
Sewer (per 1,000 gal)	\$ 6.84
Water Debt (flat fee - per quarter)	\$ 14.00
Sewer Debt (flat fee - per quarter)	\$ 9.00
Ready to Serve - Water (flat fee - per quarter)	\$ 34.00
Ready to Serve - Sewer (flat fee - per quarter)	\$ 38.00
Sewer Only (per quarter)	\$ 252.20

WATER & SEWER DIVISION

Other Charges

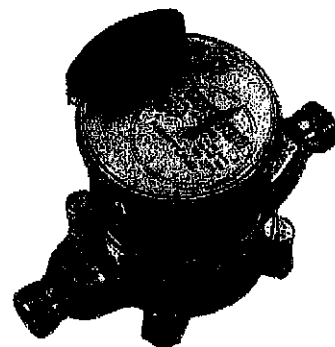
In addition to the usage rate components, there are flat charges, billed per customer, per quarter. These are the Ready To Serve (RTS) and Debt Charges.

Ready To Serve: In 2009, DWSD began applying a monthly flat rate to their water and sewer charges regardless of what water volumes were used. DWSD had determined that 90% of their overall costs do not vary with the water usage. This is known as the "Ready To Serve" (RTS) charge which is widely used in the utility industry for charging customers for the stationary cost of being connected to the system. This helps to cover some of the costs of the Township's operating expenses that do not vary with water usage. This includes services such as service appointments, utility staking, meter replacements, engineering, system repairs (water main breaks) and after hour emergency calls. It is a fair way to spread the costs to provide service to all of our customers in an equitable manner.

Debt Charges: Debt charges have been in place by Township Ordinances for over 50 years and it is a mechanism for the Township to collect sufficient revenue to cover the bond debt for the water and sewer system.

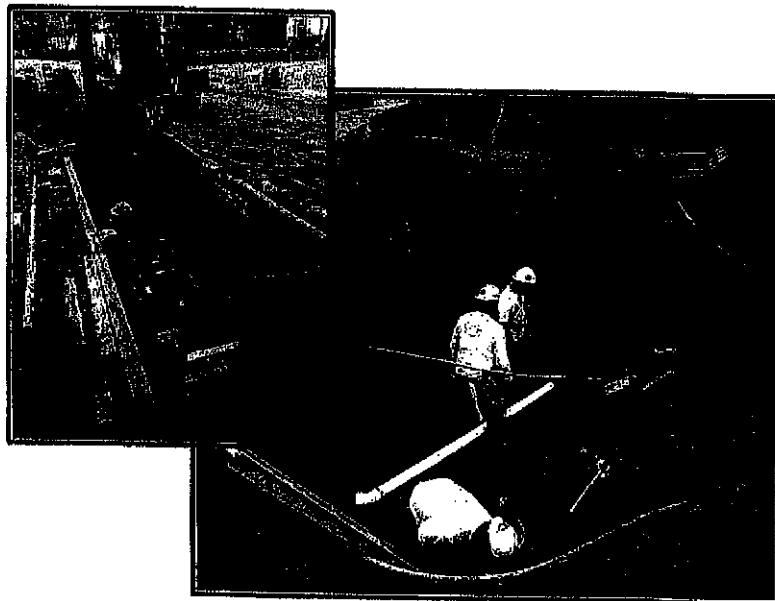
Meter Replacement Program

For the past several years the Water and Sewer Division has been systematically replacing old meters throughout the entire Township. The newer meters help to alleviate inaccurate meter readings that attribute to the Township's total water loss and also improves efficiency by streamlining and speeding up the meter reading process. So far over 90% of Townships meters have been upgraded to newer more efficient meters.



Capital Improvement Projects

Throughout the year, the Engineering and Environmental Services Department is tasked with replacing and upgrading the Township's water and sewer line infrastructure. These projects could not be done without the assistance of the Water and Sewer Division crews. The staff helps with the locating of valves, shut-offs, manholes and hydrants for the contractors and also helps and assists with overseeing the inspections of the work completed.



WATER & SEWER DIVISION

Task	Labor Hours	Labor Cost	Eqp Cost	Mat Cost	Total Cost
Call Duty	452	\$23,505.47	\$353.52	\$380.00	\$24,238.99
Clerical / WA2	4,721	\$86,737.82	\$0.00	\$0.00	\$86,737.82
Gate Well Maint.	393	\$9,905.92	\$4,404.16	\$2,555.28	\$16,865.35
Holiday / WL06	910	\$23,305.50	\$0.00	\$0.00	\$23,305.50
Hydrant Maint.	959	\$24,277.60	\$1,926.80	\$22,311.74	\$52,515.67
Lawn Restoration	45	\$1,039.00	\$687.60	\$0.00	\$1,726.60
Manhole Inspect.	1,323	\$30,830.34	\$5,975.02	\$0.00	\$36,805.36
Manhole Maint.	126	\$3,081.69	\$680.36	\$388.50	\$4,150.55
Manhole Repair	119	\$2,898.50	\$1,347.66	\$0.00	\$4,246.16
Meter Installed	907	\$25,153.92	\$5,461.38	\$27,546.06	\$58,161.35
Meter Miscellaneous	760	\$20,143.06	\$5,124.53	\$8,456.90	\$33,724.49
Meter Reading	412	\$8,422.32	\$3,739.04	\$0.00	\$12,161.36
Meter Replaced	1,450	\$40,528.04	\$8,347.20	\$45,929.44	\$94,804.68
Miscellaneous	3,531	\$93,601.79	\$14,920.29	\$4,839.57	\$113,361.65
Miss Dig Staking	2,207	\$55,252.36	\$17,637.76	\$1,368.90	\$74,259.02
Other	232	\$6,103.39	\$0.00	\$0.00	\$6,103.39
Other / WL05	214	\$5,363.05	\$0.00	\$0.00	\$5,363.05
Personal / WL02	217	\$5,643.64	\$0.00	\$0.00	\$5,643.64
Prv Maint.	841	\$23,785.30	\$7,569.32	\$0.00	\$31,354.62
Pump Maint.	746	\$21,785.08	\$6,750.32	\$0.00	\$28,535.40
Service Calls	513	\$22,308.13	\$4,744.60	\$961.82	\$28,014.55
Sewer Cleaning	1,288	\$31,576.79	\$37,397.52	\$3,125.00	\$72,099.31
Sick / WL03	1,029	\$26,750.45	\$46.60	\$0.00	\$26,797.05
Stop Box Maint.	682	\$16,493.09	\$12,188.24	\$939.80	\$29,621.13
Supervision / WA1	1,928	\$68,828.11	\$613.36	\$0.00	\$69,441.47
Training Program / WG4	602	\$15,199.54	\$0.00	\$0.00	\$15,199.54
Vacation	1	\$20.64	\$0.00	\$0.00	\$20.64
Vacation / WL01	1,990	\$53,049.20	\$0.00	\$0.00	\$53,049.20
Video Sewers	302	\$7,407.21	\$11,271.66	\$0.00	\$18,678.87
Water Main Breaks	546	\$19,254.57	\$8,344.63	\$8,417.03	\$34,016.23
Grand Totals	29,437	\$772,251.50	\$161,531.07	\$127,220.04	\$1,061,002.61

EXHIBIT C



Bloomfield Township

Memorandum

To: Leo Savoie, Township Supervisor
From: Wayne Domine, EESD Director
Tom Trice, DPW Director
Subject: 2015 – 2016 Proposed Water & Sewer Rates
Date: March 16, 2015
CC: Jason Theis, Finance Director

Bloomfield Township currently purchases water from the Southeast Oakland County Water Authority (SOCWA) and sewage disposal services through the Oakland County Water Resources Commissioner (OCWRC). Both of these agencies are wholesale customers of the former Detroit Water and Sewerage Department (DWSD) soon to be known as the Great Lakes Water Authority (GLWA). At the time that the Township Budget was approved, the DWSD Water Board had not approved the water and sewer charges for services in their fiscal year beginning on July 1, 2015. In preparing for the Township Budget, that was approved on March 9, 2015, we had to estimate the charges from SOCWA and WRC.

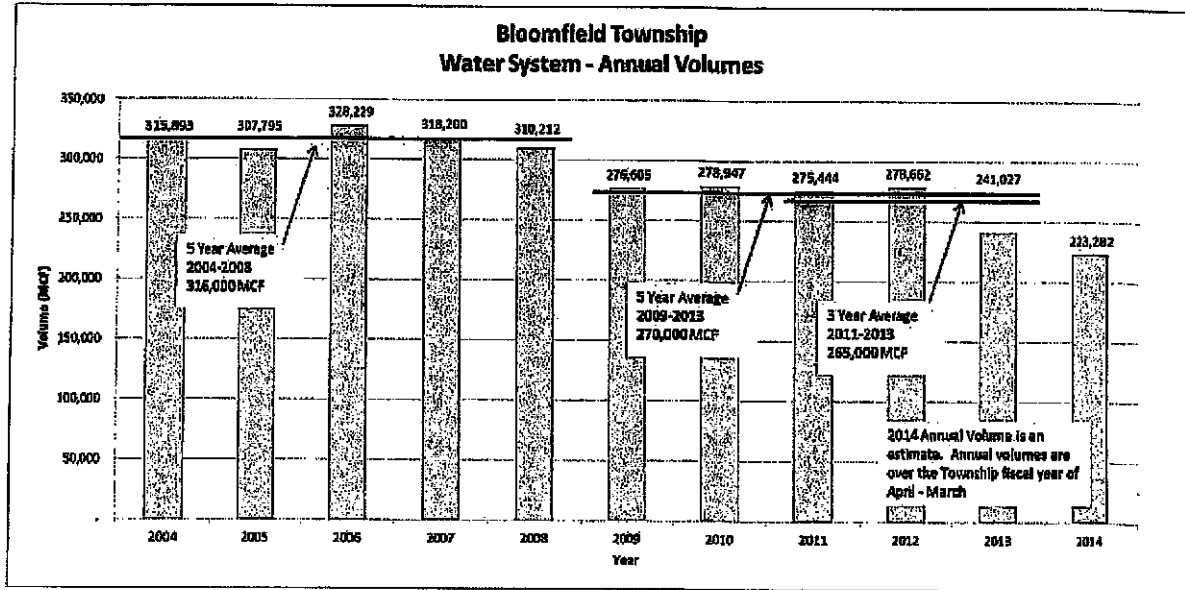
To determine the Township's charges, we first estimate the volume of water to be purchased based on the Township's historic water volumes. Then, we add the water and sewer system's operating costs to the estimated water and sewer costs. The Township's charges are then determined by dividing these costs by the estimated volume of water to be sold to the Township's customers. Simply put, water and sewer charges are decided on several unknown variables such as the volumes for water and the sewer consumed by the Township's customers.

Customer History

The Township's water and sewer system began with the construction of the County's sewer system in 1958 and water was extended later by DWSD in 1964. The Township originally had 3,300 water customers in 1965. By 1995, there were over 14,000 customers and in 2015 there are now over 15,600 customers. In the early years, the system expanded rapidly with new developments and was supported largely by connection fees for new customers being added to the system. Development and system expansion has greatly decreased in the past twenty years and the system largely is being funded by the customer usages. These usage charges have historically relied heavily on the customer with high water usage to generate the revenue needed for the system. Approximately 65% of the annual water usage occurs during the warmer months, from May to October.

Historic Volumes

Bloomfield Township, like most of the region, has seen a significant drop in water consumption since 2008. Below is the water volume history since 2004, based on Township Fiscal Year.



Water volumes are dependent on customer usage and seasonal precipitation. The annual water volume dropped 12% in 2009 and volumes remained about the same through 2012. In 2013, the water volumes dropped another 13% and the volumes have continued to drop in 2014. This decline mirrors the water use trends of all the customers on the DWSD regional system. SOCWA has projected that the Township's water volumes will be 247,000 MCF in 2015. This is based on the averaging the actual water volumes from 2011 thru 2014.

Usage Rate

There are four components proposed in the 2015 usage rate; 1) commodity charges, 2) operating expenses, 3) depreciation, and 4) capital projects. The usage rates billed per 1000 gallons solely on the water volumes read on the customer's water meters.

Commodity Charges: Water & Sewer

The commodity charges are the costs from SOCWA for water and from the WRC for sewage treatment. Both agencies are wholesale customers of DWSD and their costs consist largely on what DWSD charges them.

On July 1, 2011, Bloomfield Township became a customer of the Southeast Oakland County Water Authority (SOCWA). Since that time we have been able to avoid costs of over \$6 million for purchasing water as opposed to staying directly with DWSD. SOCWA bills the Township monthly based on the water usage from the five master meters. New for 2015, SOCWA will begin charging the Township a monthly fixed charge in addition to the monthly water purchases.

In July 2014, the WRC changed the methodology on how they bill the communities of the Evergreen Farmington Sewage Disposal System (EFSDS). Previous to this change, the WRC had billed the communities quarterly, based on their varying seasonal sewage flows at a rate based on actual metered sewage usage. The WRC's new methodology consists of billing monthly a 100% fixed charge based on the Township's annual sewage flow contribution (approximately 15%) of the EFSDS's annual costs.

Operating Expenses

The Township DPW – Water Division is responsible for operating and maintaining the water and sewer system which includes a one million gallon storage reservoir, ten pumping facilities, over 500 miles of pipes along with the attached manholes, hydrants and valves. In addition over 15,000 water meters are read, billed and serviced. Township operating costs have been consistent over the past several years, making up approximately 21% of the charges.

Depreciation

The average age of the water and sewer pipes within the Township's system is 50 years old with some pipes nearly 90 years old. Much of the system is nearing or is beyond half of their useful service life. Depreciation amounts to approximately \$1, 775,000 per year, \$674,500 for water and \$1,100,500 for sewer.

Capital Projects

Since 2006, the Township has bonded for major repairs and replacements needed for both systems. This adds additional cost to the customer to pay the debt for the bond. Depreciation alone is not a sufficient amount needed to continue the current and future capital projects. Including a component in the rate for capital projects will help the Township build the necessary reserve without selling bonds. New in 2015, we are including a \$1,000,000 for water and \$1,000,000 for sewer into the usage rate to build up the reserve funds for current and future capital projects.

Other Charges

In addition to the usage rate components, are the charges for the Ready to Serve (RTS) charge, which is billed per customer and the Debt charge billed per residential equivalent unit (REU).

Ready To Serve

In 2009, DWSD began applying a monthly flat rate to their water and sewer charges regardless of what water volumes were used. DWSD had determined that 90% of their overall costs do not vary with the water usage. This is known as the "Ready To Serve" (RTS) charge which is widely used in the utility industry for charging customers for the stationary cost of being connected to the system. The "Ready to Serve" charge stabilizes our cash flow during the months when there are low volumes of water sold. It is a fair way to spread the costs to provide service to all of our customers in an equitable manner.

New for 2015, SOCWA will begin charging the Township a monthly fixed charge representing 10% of the Township's cost for water purchases. The RTS charge for the Township water customer is also proposed to be increased to cover this new monthly charge and cover some of the cost of the Township's operating expenses that do not vary with water usage. This includes services such as service appointments, utility staking,

meter replacements, engineering, system repairs (water main breaks) and after hour emergency calls.

Debt Charges

Debt charges have been in place by Township Ordinances for over 50 years and it is a mechanism for the Township to collect sufficient revenue to cover the bond debt for the water and sewer system. Currently, the Township has \$10,725,000 in water debt and \$6,489,000 in sewer debt.

Summary

In determining the 2015 water and sewer charges, we have to consider the changes in the Township, such as the decrease in water volumes, and a slowdown of new development. Looking forward we need to establish a mechanism for sustaining the sufficient revenue to cover the day to day expenses of operating a water and sewer system whether water is used or not. Relying solely on water usage places the burden on the few customers with very high water usage and is largely dependent on the seasonal weather.

Attached is our determination of the water and sewer charges proposed for 2015 that will best recover the costs of the system expenses along with collecting sufficient funds for ongoing and future capital system improvements. Below is a summary of what we are proposing.

Proposed 2015 Charges Comparison

<u>Charges</u>	<u>2014</u>	<u>2015</u>	<u>Difference</u>	<u>Billed</u>
Water Usage	\$ 4.71	\$ 5.20	\$ 0.49	per 1000 gallons
Water RTS	\$ 17.00	\$ 34.00	\$ 17.00	per customer quarterly
Water Debt	\$ 11.00	\$ 14.00	\$ 3.00	per REU quarterly
Sewer Usage	\$ 6.35	\$ 6.84	\$ 0.49	per 1000 gallons
Sewer RTS	\$ 20.00	\$ 38.00	\$ 18.00	per customer quarterly
Sewer Debt	\$ 8.00	\$ 9.00	\$ 1.00	per REU quarterly

The average water and sewer customer (30,000 gallons/quarter), including the debt charges, will be billed \$456.20 per quarter. This is an additional \$68.40 per quarter (\$273.60 a year), an increase of 17.64%. The average customer's cost can be further broken down to \$152.07 per month or \$5.00 per day.

The minimum charges a water and sewer customer will be billed, without any metered water usage, will be \$95.00 quarterly (\$380.00 a year) which is approximately \$31.67 per month or \$1.04 per day.

Recommendation

It is our recommendation that the following rates be adopted for the budget year beginning April 1, 2015:

- Increase the water rate from \$4.71/1,000 gallons to \$5.20 /1,000 gallons.
- Increase the Ready to Serve water fixed charge from \$17.00 to \$34.00 /quarter.
- Increase the water debt charge from \$11.00 to \$14.00 /quarter.
- Increase the sewer rate from \$6.35/1,000 gallons to \$6.84 / 1,000 gallons.
- Increase the Ready to Serve sewer fixed charge from \$20.00 to \$38.00 per quarter.
- Increase the sewer debt charge from \$8.00 to \$9.00 /quarter.

The attached resolutions are presented and recommended for approval enacting the new water and sewer rate in place as of April 1, 2015.

Thank you,



Wayne Domine,
Director of Engineering and
Environmental Services



Thomas W. Trice,
Director of Public Works

Approved for Board Agenda:



Leo Savoie, Township Supervisor

2015 – 2016 Water & Sewer Charges

March 2015

Water Charges

The current SOCWA rate is \$25.48/MCF. SOCWA is proposing to increase the water rate to \$26.15 / MCF and charging a fixed fee of \$59,795 per month. This averages out to \$29.05 / MCF, an increase of 14% overall. The projected water cost is based on the average water volume of 247,000 MCF per year. Metered water sales are approximately 95% of the water purchased, therefore we can expect the water sales to be 235,000 MCF (247,000 MCF x 0.95).

The Township's water usage rate components include operating expense, water purchase depreciation and a new component to fund ongoing water system capital projects. Depreciation for the water system is 38% of the total existing Water and Sewer System Infrastructure.

Determination for 2015 Water Charges		RTS = \$ 34.00			
	Expense	Rate MCF	Rate 1000 Gal.	Percent of Cost	
Operating Expense	\$ 2,412,482.00	\$ 10.27	\$ 1.37	21.42%	
Water Purchase	\$ 7,175,400.00	\$ 30.53	\$ 4.08	63.71%	
Depreciation	\$ 674,500.00	\$ 2.87	\$ 0.38	5.99%	
Capital Projects	\$ 1,000,000.00	\$ 4.26	\$ 0.57	8.88%	
Sub- Total	\$ 11,262,382.00	\$ 47.93	\$ 6.41	100%	
Less: Ready to Serve	\$ (2,130,032.00)	\$ (9.06)	\$ (1.21)		
Proposed 2015 Rate	\$ 9,132,350.00	\$ 38.86	\$ 5.20		
Water costs are based on a 14% increase from SOCWA (new rate=\$29.05/1000 gal.)					
Based on a reduced water volume of 247,000 MCF					

The usage rate, \$4.71 per 1000 gallons, is proposed to be increased by \$0.49 (10.4%) to \$5.20 per 1000 gallons of water used. The quarterly Ready To Serve (RTS) charge is proposed to be increased by \$17.00 to collect approximately 18% of the revenue required to meet the water system's expenditures. This also collects \$1,000,000 for water system capital projects.

Proposed Water Charges Comparison to Current Year

	2014	2015	Difference
Retail Water Rate (per 1000 gal.)	\$ 4.71	\$ 5.20	Increase \$ 0.49
Ready to Serve Charge (per quarter)	\$17.00	\$34.00	Increase \$17.00
Water Debt Charge	\$11.00	\$14.00	Increase

The purpose of this analysis is to project the appropriate rates and charges to cover the budgeted expenses based on the water and sewer services anticipated for the upcoming fiscal year.

2015 – 2016 Water & Sewer Charges

March 2015

Water Charges

The current SOCWA rate is \$25.48/MCF. SOCWA is proposing to increase the water rate to \$26.15 / MCF and charging a fixed fee of \$59,795 per month. This averages out to \$29.05 / MCF, an increase of 14% overall. The projected water cost is based on the average water volume of 247,000 MCF per year. Metered water sales are approximately 95% of the water purchased, therefore we can expect the water sales to be 235,000 MCF (247,000 MCF x 0.95).

The Township's water usage rate components include operating expense, water purchase depreciation and a new component to fund ongoing water system capital projects. Depreciation for the water system is 38% of the total existing Water and Sewer System infrastructure.

<u>Determination for 2015 Water Charges</u>		RTS = \$ 34.00		
	Expense	Rate MCF	Rate 1000 Gal.	Percent of Cost
Operating Expense	\$ 2,412,482.00	\$ 10.27	\$ 1.37	21.42%
Water Purchase	\$ 7,175,400.00	\$ 30.53	\$ 4.08	63.71%
Depreciation	\$ 674,500.00	\$ 2.87	\$ 0.38	5.99%
Capital Projects	\$ 1,000,000.00	\$ 4.26	\$ 0.57	8.88%
Sub- Total	\$ 11,262,382.00	\$ 47.93	\$ 6.41	100%
Less: Ready to Serve	\$ (2,130,032.00)	\$ (9.06)	\$ (1.21)	
Proposed 2015 Rate	\$ 9,132,350.00	\$ 38.86	\$ 5.20	
Water costs are based on a 14% increase from SOCWA (new rate=\$29.05/1000 gal.)				
Based on a reduced water volume of 247,000 MCF				

The usage rate, \$4.71 per 1000 gallons, is proposed to be increased by \$0.49 (10.4%) to \$5.20 per 1000 gallons of water used. The quarterly Ready To Serve (RTS) charge is proposed to be increased by \$17.00 to collect approximately 18% of the revenue required to meet the water system's expenditures. This also collects \$1,000,000 for water system capital projects.

Proposed Water Charges Comparison to Current Year

	2014	2015	Difference
Retail Water Rate (per 1000 gal.)	\$ 4.71	\$ 5.20	Increase \$ 0.49
Ready to Serve Charge (per quarter)	\$17.00	\$34.00	Increase \$17.00
Water Debt Charge (per quarter)	\$11.00	\$14.00	Increase \$ 3.00

The purpose of this analysis is to project the appropriate rates and charges to cover the budgeted expenses based on the water and sewer services anticipated for the upcoming fiscal year.

2015 – 2016 Water & Sewer Charges

March 2015

Proposed 2015 Quarterly Water Cost					
Quarterly Usage	2014 Rate	2014 +	2015 Rate	2015 +	
Water Units	\$ 4.71	\$ 17.00	\$ 5.20	\$ 34.00	Difference
0		\$ 17.00		\$ 34.00	\$ 17.00
10	\$ 47.10	\$ 64.10	\$ 52.00	\$ 86.00	\$ 21.90
20	\$ 94.20	\$ 111.20	\$ 104.00	\$ 138.00	\$ 26.80
30	\$ 141.30	\$ 158.30	\$ 156.00	\$ 190.00	\$ 31.70
40	\$ 188.40	\$ 205.40	\$ 208.00	\$ 242.00	\$ 36.60
50	\$ 235.50	\$ 252.50	\$ 260.00	\$ 294.00	\$ 41.50
100	\$ 471.00	\$ 488.00	\$ 520.00	\$ 554.00	\$ 66.00
1 Unit = 1000 gallons					
Average = 30 units per quarter					
Based on water sales of 235,000 mcf and 15,662 customers					

Water Debt

2015 Bond Debt payments: \$1,054,522.00

Annual Debt Charge required: \$1,054,522.00 / 18,700 REU = \$56.39

Quarterly Debt Charge required: \$56.39 / 4 = 14.10, use **\$14.00 / quarter**

The current debt charge is \$11.00 per quarter; therefore this is an increase of \$3.00 per quarter or \$12.00 per year.

The average water customer, 30,000 gallons per quarter will be paying \$204.00 per quarter, (including the \$14.00 per quarter debt charge and the \$34.00 per quarter Ready to Serve charge), or \$816.00 a year, an increase of 20.5% or \$138.80 a year.

Water Revenue Summary:

(Annual debt charge not included)

Volume Sales: 1,757,800 gal. x \$5.20/1000 gal. = \$ 9,140,560.00

RTS Charge: 15,662 customers x \$136.00 / year = \$ 2,130,032.00

Projected Total Water Revenue: \$11,270,592.00

The purpose of this analysis is to project the appropriate rates and charges to cover the budgeted expenses based on the water and sewer services anticipated for the upcoming fiscal year.

2015 – 2016 Water & Sewer Charges

March 2015

Sewer Charges

Currently, the WRC bills the Township monthly charge based on the township's flow contribution to the system. We anticipate an increase in the WRC rate of 10% in 2015. Approximately 83% of the Township's water customers are also on sewer therefore we can expect the annual sewer volume to be about 83% of the metered water volume used by customers to be 195,000 MCF (235,000 x 0.83).

Determine a rate based on 195,000 MCF of sewer sales for 2015/16. Rate components include operating expense, sewage treatment charges, CSO Basin operating assessment, depreciation and a new component to fund upcoming sewer system capital projects. Depreciation for the sewer system is 42% of the total existing Water and Sewer System Infrastructure.

Determination for 2015 Sewer Charges		RTS = \$ 38.00		
	Expense	Rate MCF	Rate 1000 Gal.	Percent of Cost
Operating Expense	\$ 2,305,482.00	\$ 11.82	\$ 1.58	19.14%
Sewer Treatment	\$ 7,425,000.00	\$ 38.08	\$ 5.09	61.63%
Sewers Drain/Permit	\$ 217,000.00	\$ 1.11	\$ 0.15	1.80%
Depreciation	\$ 1,100,500.00	\$ 5.64	\$ 0.75	9.13%
Capital Projects	\$ 1,000,000.00	\$ 5.13	\$ 0.69	8.30%
Subtotal	\$ 12,047,982.00	\$ 61.78	\$ 8.26	100.00%
Less: Ready to Serve	\$ (2,065,680.00)	\$ (10.59)	\$ (1.42)	
Proposed 2015 Rate	\$ 9,982,302.00	\$ 51.19	\$ 6.84	

Assumes an 10% increase for sewer cost

Based on sewer sales of 195,000 MCF and 13,590 customers

Sewer Debt

2015 Bond Debt payments: \$586,551

Annual Debt Charge required: \$586,551 / 16,650 REU = \$35.23

Quarterly Debt Charge required: \$35.23 / 4 = \$8.81, use \$9.00 / quarter

The current debt charge is \$8.00 per quarter; therefore this is an increase of \$1.00 per quarter or \$4.00 per year.

Proposed Sewer Charges Comparison to Current Year

	2014	2015	Difference
Retail Sewer Rate (per 1000 gal.)	\$ 6.35	\$ 6.84	Increase \$0.49
Ready to Serve Charge (per quarter)	\$20.00	\$ 38.00	Increase \$18.00
Sewer Debt Charge (per quarter)	\$ 8.00	\$ 9.00	Increase \$ 1.00

The purpose of this analysis is to project the appropriate rates and charges to cover the budgeted expenses based on the water and sewer services anticipated for the upcoming fiscal year.

2015 – 2016 Water & Sewer Charges

March 2015

2015 Quarterly cost for sewer customers

Quarterly Usage	2014 Rate	2014 cost	2015 Rate	2015 cost +	
Sewer Units	\$ 6.35	\$ 20.00	\$ 6.84	\$ 38.00	Difference
0		\$ 20.00		\$ 38.00	\$ 18.00
10	\$ 63.50	\$ 83.50	\$ 68.40	\$ 106.40	\$ 22.90
20	\$ 127.00	\$ 147.00	\$ 136.80	\$ 174.80	\$ 27.80
30	\$ 190.50	\$ 210.50	\$ 205.20	\$ 243.20	\$ 32.70
40	\$ 254.00	\$ 274.00	\$ 273.60	\$ 311.60	\$ 37.60
50	\$ 317.50	\$ 337.50	\$ 342.00	\$ 380.00	\$ 42.50
100	\$ 635.00	\$ 655.00	\$ 684.00	\$ 722.00	\$ 67.00

Average = 30 units per quarter

Assumes 10% sewer increase.

The sewer rate will increase from \$6.35/ 1000 gallons to \$6.84 / 1000 gallons, a 7.72% increase. Sewer only customers that are not metered are billed based on the average of the system. The average sewer customer, 30,000 gallons per quarter, (including the \$9.00 per quarter debt charge and the \$38.00 per quarter Ready to Serve charge) will be paying \$252.20 per quarter or \$1,008.80 a year, an increase of 15.42% or \$134.80 a year.

Sewer Revenue Summary:

(Annual debt charge not included)

Sewer Sales: 1,458,600 gal. x \$6.84 /1000 gal. = \$ 9,976,824.00
Fixed Sewer Charge: 13,590 customers x \$152.00/ year = \$ 2,065,680.00
Total Sewer Revenue: \$12,042,504.00

The purpose of this analysis is to project the appropriate rates and charges to cover the budgeted expenses based on the water and sewer services anticipated for the upcoming fiscal year.

2015 – 2016 Water & Sewer Charges

March 2015

Water & Sewer Customer

Majority of the customers (90%) have both water and sewer services, the proposed charges are below:

2014 and 2015 Comparison of Charges

	2014	2015	Difference
Retail Water & Sewer Rate (per 1000 gal.)	\$11.06	\$12.04	Increase \$ 0.98
Ready to Serve Charge (per quarter)	\$37.00	\$72.00	Increase \$35.00
Water & Sewer Debt Charge (per quarter)	\$19.00	\$23.00	Increase \$ 4.00

2015 Quarterly cost for water and sewer customers

Quarterly Usage Units (1000 Gal.)	2014 Rate	2014 + RTS	2015 Rate	2015 + RTS	Difference
	\$ 11.06	\$ 37.00	\$ 12.04	\$ 72.00	
0		\$ 37.00		\$ 72.00	\$ 35.00
10	\$ 110.60	\$ 147.60	\$ 120.40	\$ 192.40	\$ 44.80
20	\$ 221.20	\$ 258.20	\$ 240.80	\$ 312.80	\$ 54.60
30	\$ 331.80	\$ 368.80	\$ 361.20	\$ 433.20	\$ 64.40
40	\$ 442.40	\$ 479.40	\$ 481.60	\$ 553.60	\$ 74.20
50	\$ 553.00	\$ 590.00	\$ 602.00	\$ 674.00	\$ 84.00
100	\$ 1,106.00	\$ 1,143.00	\$ 1,204.00	\$ 1,276.00	\$ 133.00

Water & Sewer Customer Revenue:

(Debt charges not included)

Water Operating Revenue	\$11,270,592.00
Sewer Operating Revenue	<u>\$12,042,504.00</u>
Total Operating Revenue	\$23,313,096.00

The purpose of this analysis is to project the appropriate rates and charges to cover the budgeted expenses based on the water and sewer services anticipated for the upcoming fiscal year.

2015 – 2016 Water & Sewer Charges

March 2015

2015 Quarterly cost for water and sewer customers w/ Debt Charges

Quarterly Usage Units (1000 Gal.)	2014 rate + RTS Charge	2014 Cost w/ Debt Charge	2015 rate + RTS Charge	2015 Cost w/ Debt Charge	Difference
0	\$ 37.00	\$ 56.00	\$ 72.00	\$ 95.00	\$ 39.00
10	\$ 147.60	\$ 166.60	\$ 192.40	\$ 215.40	\$ 48.80
20	\$ 258.20	\$ 277.20	\$ 312.80	\$ 335.80	\$ 58.60
30	\$ 368.80	\$ 387.80	\$ 433.20	\$ 456.20	\$ 68.40
40	\$ 479.40	\$ 498.40	\$ 553.60	\$ 576.60	\$ 78.20
50	\$ 590.00	\$ 609.00	\$ 674.00	\$ 697.00	\$ 88.00
100	\$ 1,143.00	\$ 1,162.00	\$ 1,276.00	\$ 1,299.00	\$ 137.00

Average = 30 units per quarter

The average water and sewer customer (30,000 gallons/quarter), including the debt charges, will be billed \$456.20 per quarter. This is an additional \$68.40 per quarter (\$273.60 a year), an increase of 17.64%. The average customer's cost can be further broken down to \$152.07 per month or \$5.00 per day.

The minimum charges a water and sewer customer will be billed, without any metered water usage, will be \$95.00 quarterly (\$380.00 a year) which is approximately \$31.67 per month or \$1.04 per day.

Annual Cost

Annual Usage Units (1000 Gal.)	2014 Cost w/ Debt Charge	2015 Cost w/ Debt Charge	Difference
0	\$ 224.00	\$ 380.00	\$ 156.00
40	\$ 666.40	\$ 861.60	\$ 195.20
80	\$ 1,108.80	\$ 1,343.20	\$ 234.40
120	\$ 1,551.20	\$ 1,824.80	\$ 273.60
160	\$ 1,993.60	\$ 2,306.40	\$ 312.80
200	\$ 2,436.00	\$ 2,788.00	\$ 352.00
400	\$ 4,648.00	\$ 5,196.00	\$ 548.00

Average= 120 units per year

The purpose of this analysis is to project the appropriate rates and charges to cover the budgeted expenses based on the water and sewer services anticipated for the upcoming fiscal year.

2015 – 2016 Water & Sewer Charges

March 2015

Summary of Water & Sewer Charges

Summary of Proposed 2015 Charges

Charges	2014	2015	Difference	Billed
Water Usage	\$ 4.71	\$ 5.20	\$ 0.49	per 1000 gallons
Water RTS	\$ 17.00	\$ 34.00	\$ 17.00	per customer quarterly
Water Debt	\$ 11.00	\$ 14.00	\$ 3.00	per REU quarterly
Sewer Usage	\$ 6.35	\$ 6.84	\$ 0.49	per 1000 gallons
Sewer RTS	\$ 20.00	\$ 38.00	\$ 18.00	per customer quarterly
Sewer Debt	\$ 8.00	\$ 9.00	\$ 1.00	per REU quarterly

Based on the average customer's water use of 120 units /year (debt included):

The average water only customer will see an increase of 20.5% or \$117.20 a year.

The average sewer only customer will see an increase of 15.42% or \$134.80 a year.

The average water and sewer customer will see a 17.64% increase or \$273.60 a year.

Other Customer Types

Water & Sewer Customer with Secondary Meter

Secondary Meter Charges

	2014	2015	Difference
Retail Water Rate (per 1000 gal.)	\$4.71	\$5.20	Increase \$0.49
Ready to Serve Charge (per quarter)	\$0.00	\$0.00	No change
Water Debt Charge (per quarter)	\$ 0.00	\$ 0.00	No change

Sewer Customer with Well Meter

Well Meter Charges

	2014	2015	Difference
Retail Sewer Rate (per 1000 gal.)	\$ 6.35	\$6.84	No change
Ready to Serve Charge (per quarter)	\$17.00	\$34.00	Increase \$17.00
Sewer Debt Charge (per quarter)	\$ 8.00	\$ 9.00	Increase \$ 1.00

The purpose of this analysis is to project the appropriate rates and charges to cover the budgeted expenses based on the water and sewer services anticipated for the upcoming fiscal year.

STATE OF MICHIGAN
COUNTY OF OAKLAND
CHARTER TOWNSHIP OF BLOOMFIELD
WATER SERVICES CHARGES

WHEREAS, the Southeast Oakland County Water Authority (SOCWA) adjusts the rates for the cost of water service to the Township annually; and

WHEREAS, the Township incurs costs for the operation and maintenance of the Township's public water supply system; and

WHEREAS, Chapter 38, Article IV, Division 2 of the Bloomfield Township Code of Ordinances provides that certain rates and charges for various water connections and usages supplied to users of the Township's public water supply system shall be established by resolution of the Township Board; and

WHEREAS, the Township staff has made a recommendation to the Township Board to not increase the rates and charges to cover the costs of supplying water to the customers of the Township; and

WHEREAS, the Township Board desires to adopt the recommended rates and charges to cover the costs of supplying water to the customers of the Township.

NOW, THEREFORE, effective on billings rendered on or after April 1, 2015 the following charges for service shall be made to-wit;

Section 38-214. A quarterly charge for water service shall be made to each of the premises connected to the system in the amount of \$5.20 per 1,000 gallons, plus a water debt charge of \$14.00 per quarter, or \$4.67 per month. The fixed rate/quarter charge on all water connection, "Ready to Serve", shall be \$34.00, or \$11.33 per month.

For those premises connected to the Township water system where a meter has not been installed, the quarterly charge for water service shall be \$182.00 plus a \$14.00 water debt charge plus \$34.00 "Ready to Serve" charge.

Ayes:

Nays:

Abstentions:

Absent:

CERTIFICATION

It is hereby certified that the foregoing Resolution is a true and accurate copy of the Resolution adopted by the Township Board of the Charter Township of Bloomfield at a meeting duly called and held on _____.

CHARTER TOWNSHIP OF BLOOMFIELD

Date

JANET RONCELLI, Township Clerk

1387609_1.DOC

STATE OF MICHIGAN
COUNTY OF OAKLAND
CHARTER TOWNSHIP OF BLOOMFIELD
SEWER SERVICES CHARGES

WHEREAS, the Detroit Water and Sewerage Department (DWSD) and the Oakland County Water Resource Commissioner's Office have passed on certain rate increases for sewage disposal to the Township; and

WHEREAS, Section 38-255(1) and (2) of the Bloomfield Township Code of Ordinances provides that charges for sewage treatment should be established by resolution of the Township Board; and

WHEREAS, the Township staff has made a recommendation to the Township Board as to certain rates and charges to cover the costs of sewage disposal to the customers of the Township; and

WHEREAS, the Township Board desires to adopt the recommended rates and charges to cover the costs of sewage disposal to the customers of the Township.

NOW, THEREFORE, effective on billings rendered on or after April 1, 2015 the following charges for service shall be made to-wit;

Section 38-255. For each premises not connected to the Township water system, the quarterly charge for sewage disposal shall be \$240.00 plus \$38.00 "Ready to Serve" charge, plus an \$9.00 sewer debt charge, unless otherwise provided.

For those premises connected to the Township water system, the sewage disposal charge shall be \$6.84 per 1,000 gallons, plus a sewer debt charge of \$9.00 per quarter. The fixed rate/quarter charge on all sewer connection, "Ready to Serve", shall be \$38.00, or \$12.67 per month.

Ayes:

Nays:

Abstentions:

Absent:

CERTIFICATION

It is hereby certified that the foregoing Resolution is a true and accurate copy of the Resolution adopted by the Township Board of the Charter Township of Bloomfield at a meeting duly called and held on _____.

CHARTER TOWNSHIP OF BLOOMFIELD

Date

JANET RONCELLI, Township Clerk

1387608_1.DOC

EXHIBIT D

WEF PRESS



Financing and Charges for Wastewater Systems

WATER ENVIRONMENT FEDERATION

MANUAL OF PRACTICE No. 27

FINANCING AND CHARGES FOR WASTEWATER SYSTEMS

WEF Manual of Practice No. 27

*Prepared by
Financing and Charges for Wastewater Systems Task Force
of the Water Environment Federation*

McGraw-Hill

New York Chicago San Francisco Lisbon London Madrid
Mexico City Milan New Delhi San Juan Seoul
Singapore Sydney Toronto

A financially independent utility must address several issues when developing its revenue requirements. First, the utility must identify the appropriate approach to be used in establishing its revenue requirements. Second, it must select the appropriate representative year within the planning period, sometimes termed the *test year* or *rate year*, to be used in the allocation of costs of service to the classes of customers served by the utility and for the design of rates or user charges to recover the allocated costs.

APPROACHES TO DETERMINING REVENUE REQUIREMENTS

The two generally accepted and practiced approaches to projecting total revenue requirements of a wastewater utility are the "cash-needs" (or simply the "cash") approach and the "utility" approach covered in Appendix A. Each has a proper place in utility ratemaking practice and each, when properly used, can provide for sound utility financing and cost recovery from the utility's customers. Factors affecting the selection of the approach to determining revenue requirements include the ownership of the utility (public or municipal vs investor), state regulatory jurisdiction regarding utility rates, and whether the utility provides service to retail or wholesale customers located outside the political boundaries of the utility.

CASH APPROACH. The cash approach is generally used by municipally owned utilities, which are not subject to rate regulation by a state public utility commission or similar agency. Wastewater utilities which are subject to such rate regulation will generally, but not always, be required to use the utility basis for determining their revenue requirements. The essence of the cash approach is that the revenues of the utility must be sufficient to recover all cash needs, including debt obligations as they come due, for the period over which the rates are intended to be adequate. The cash approach is basically an extension of the cash-oriented budgeting and accounting systems, which are used by municipally owned utilities and, accordingly, is generally more readily understood by the governing bodies of these organizations.

The term *cash approach* or *cash needs* as it relates to the determination of the revenue requirements of a utility are not to be confused with the term *cash* as compared to *accrual* from an accounting methodology standpoint. *Cash needs* refer to the overall

revenue required by the utility to meet all of its annual cash expenditures, whereas the accounting reference to *cash* refers to revenues being recognized as earned when cash is actually received and expenses being recognized when cash disbursements are actually made.

The cash-needs approach in determining revenue requirements may be evaluated by the utility on either a cash basis or an accrual basis of accounting.

The cash-basis method differs from conventional financial accounting primarily by excluding depreciation and including principal repayment (and interest) on outstanding debt. The main objective in using the cash basis is to collect revenues to cover cash expenses. Revenues must cover annual expenses and reserve needs for capital and operational funds. Inclusion of depreciation is a common error in developing cash-basis revenue requirements because it amounts to a partial double counting of capital costs covered by the principal component of debt service payments plus a potential portion of routine capital expenditures.

Because municipally owned utilities are required to maintain cash budgets, revenues and expenses must balance. Unlike investor-owned utilities, municipally owned utilities generally do not have access to sources of capital other than retained earnings and formally issued debt. Therefore, the total revenues collected from all customers must equal expenses plus any additions to reserves. Reserves are often established for O&M, working capital, and debt service needs. Positive year-end balances may be used to accumulate reserve funds. The desirable level of reserve funds is an important item in the development of a finance plan (see Chapter 3).

The balancing of revenues and cash expenses for the current period is the foundation for the cash approach to developing revenue requirements. Common cash basis revenue requirements include the following:

- O&M expenses,
- Debt service payments,
- Normal annual system replacements and improvements,
- Equipment purchases,
- Cash-financed major capital improvements,
- Additions to reserves, and
- Payments-in-lieu of taxes (PILOT).

EXHIBIT E

Principles of Water Rates, Fees, and Charges

MANUAL OF WATER SUPPLY PRACTICES

M1

Sixth Edition

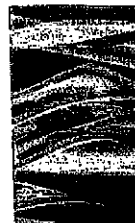


**American Water Works
Association**

The Authoritative Resource on Safe Water®

Advocacy
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Education and Training
Science and Technology
Sections

Rece



Chapter **II.1**

General Concepts for Establishing Revenue Requirements

The development of a utility's revenue requirements is the first analytical step of the comprehensive rate-setting process. The determination and establishment of a utility's revenue requirement is the basis for setting the overall level of the utility's rates, while providing the utility with adequate and sustainable funding levels for both operating and capital costs. The revenue requirement analysis provides the utility with an understanding of the size and timing of needed rate adjustments to existing rate levels and perhaps rate structure.

In providing adequate water service to its customers, every water utility must receive sufficient total revenue to ensure proper operation and maintenance (O&M), development and sustainability of the system, and preservation of the utility's financial integrity. The total revenue requirements for most utilities are largely financed from revenues derived from selling water to their customers. Other revenue not derived from the sale of water may come from a variety of sources such as rentals, providing various services to other utilities or entities, and system development charges or impact fees.

ADEQUACY OF REVENUES

The overall adequacy of water revenues can be measured by comparing projected annual revenue requirements to be met from rates with projected revenues under existing or authorized rates.

is that it may be difficult to project costs, and it lacks the certainty of a historical test year. The advantage of a projected test year is that the rates to be developed for the test year will likely match up to the utility's budget or anticipated costs. Finally, a pro forma is a combination of the historical and projected test year. A pro forma test period begins with historical data and costs and then adjusts only for those "known and measurable" costs or changes. An example of a known and measurable change would be a labor agreement that specifies a certain percent adjustment to labor rates. Simple inflation is not considered a known and measurable change in costs. The disadvantage of the pro forma test year is that it may not fully capture changes in costs, but the advantage is that it has adjusted for only those costs that can clearly be documented as needing adjustment in the test year.

Generally, government-owned utilities are free to set their own policies regarding test-year periods. However, investor-owned utilities and those government-owned utilities that are under the jurisdiction of utility commissions are subject to particular legislative and regulatory practices that must be followed. These practices vary from jurisdiction to jurisdiction.

Methods of Accumulating Costs

Once the test year or time period for establishing the revenue requirements has been determined, the next decision is the method that will be used to accumulate costs within the revenue requirement analysis. The two generally accepted methods of accumulating costs for the revenue requirements are the *cash-needs approach* and the *utility-basis approach*. Each of these methods and the component costs contained within each method is discussed in more detail in the following sections.

Cash-Needs Approach

The objective of the cash-needs approach for developing revenue requirements is to provide revenues sufficient to recover total cash requirements for a given time period. Generally, the cash-needs approach is used by government-owned utilities (except in those jurisdictions where regulation requires the use of the utility approach). As used in this manual, the term *cash needs*, as it applies to measuring revenue requirements of a utility, should not be confused with the accounting terminology of the *cash-basis* accounting method of revenue and expense recognition. From a rate-making perspective, *cash needs* refers to the total revenues required by the utility to meet its annual cash expenditures, whereas the accounting term *cash basis* refers to revenues being recognized as earned when cash is received and expenses charged when cash is disbursed. The cash-needs approach to measuring revenue requirements of a utility may be evaluated on the cash, accrual, or modified accrual basis of accounting.

Generally, revenue requirement studies using the cash-needs approach are more straightforward to calculate than revenue requirement studies using the utility-basis approach. Many utilities budget in a format that may be very similar to the cash-needs approach.

Revenue requirement components. Basic revenue requirement components of the cash-needs approach include O&M expenses, taxes or transfer payments, debt-service payments, contributions to specified reserves, and the cost of capital expenditures that are not debt-financed or contributed (i.e., capital improvements funded directly from rate revenues). Depreciation expense is not included within the cash-needs revenue requirement.

Operation and maintenance expenses. Depending on the test year selected, the O&M expense component can be projected based on actual expenditures and adjusted to reflect anticipated changes in expenditures during the projected test-year period.

Pro forma adjustments to historical O&M expenses are determined by incorporating known and measurable changes to recorded expenses, and by using well-considered estimates of future expenses.

Generally O&M expenses include salaries and wages, fringe benefits, purchased power, purchased water, other purchased services, rent, chemicals, other materials and supplies, small equipment that does not extend the useful life of major facilities, and general overhead expenses. For a government-owned utility, other elements of O&M expense might also include the costs of support services rendered by the municipality to the utility, such as the use of computer facilities, assistance in collecting water bills, procurement activities, human resources administration, fleet management, and other support services.

Taxes or transfer payments. A utility may be required to pay certain taxes as a part of their normal operations (e.g., a state utility tax on gross revenues). A utility may have a number of tax payments for their locality. In contrast to a tax payment, a transfer payment may be for items such as a payment in lieu of taxes (PILOT). AWWA's policy statement on Finance, Accounting, and Rates* states that "Water utility funds should not be diverted to uses unrelated to water utility services. Reasonable taxes, payments in lieu of taxes, and/or payments for services rendered to the water utility by a local government or other divisions of the owning entity may be included in the water utility's revenue requirements after taking into account the contribution for fire protection and other services furnished by the utility to the local government or to other divisions of the owning entity." Accordingly, payments made to a municipality's general fund should reimburse the general fund for the necessary cost of goods and/or services required by the water utility to provide water service. Transfers from the water fund to a municipal general fund, in addition to those specifically identified above, may be applicable to unique local situations and should be considered in conjunction with legal requirements and in conformance with the previously referenced AWWA policy statement.

Debt-service payments and specified reserves. The debt-service component of the cash-needs approach usually consists of principal and interest payments on bonds or other outstanding debt instruments. It may also include debt-service reserve requirements as established by the indenture or covenant. Other reserves are often required to provide for operating working capital, emergency repairs and replacements, as well as for routine replacements and extensions. In addition to debt service and payments to reserve fund accounts, many utilities are required to provide net revenues sufficient to cover the bonded debt, particularly if revenue bonds are involved. Typically, debt-service coverage requirements specify that revenues be sufficient to meet O&M expenses and taxes and, at a minimum, to equal or exceed a stated percentage of the annual debt-service payments. Coverage requirements are a test of the adequacy of utility revenues and do not necessarily represent a specific cash requirement or funding obligation, unless debt-service coverage is the controlling factor in terms of the overall annual revenue needs of the utility, which may be the case in a particular year. The coverage requirements are intended to provide a measure of security for bondholders. As such, coverage requirements must also be considered in determining the total annual revenue needed to comply with the utility's debt covenant agreements.

Rate-funded capital expenditures. This component of the cash-needs approach is not all capital expenditures, but rather, only that portion of the capital expenditures to be paid during the test year from current rate revenues. Capital expenditures may be classified into three broad categories: (1) normal annual (routine) replacement of existing facilities; (2) normal annual extensions and improvements; and (3) major

* AWWA Officers & Committee Directory, *Statements of Policy on Public Water Supply Matters*.

EXHIBIT F



Bloomfield Township

Memorandum

To: Leo Savoie, Township Supervisor
From: Wayne Domine, EESD Director
Tom Trice, DPW Director
Subject: 2016 – 2017 Proposed Water & Sewer Charges
Date: March 24, 2016
CC: Jason Theis, Finance Director

Bloomfield Township currently purchases water from the Southeast Oakland County Water Authority (SOCWA) and sewage disposal services through the Oakland County Water Resources Commissioner (OCWRC). Both of these agencies are wholesale customers of the Great Lakes Water Authority (GLWA). At the time that the Township Budget was approved on February 22, 2016 the GLWA Board had not approved their water and sewer charges effective on July 1, 2016.

To determine the Township's charges, we use the estimated water volume to be purchased from SOCWA based on the Township's historic water volumes. The Township owns the water system that delivers the water to the customers and the sewer system that collects the wastewater from each customer. Therefore we add the Township water and sewer system's operating costs to the estimated water and sewer purchases from SOCWA and the WRC. The Township's charges are then determined by dividing these costs by the estimated volume of water to be sold to the Township's customers. Simply put, water and sewer charges are decided on several unknown variables such as the metered volume for water and sewer to be used by the Township customers.

Historic Water Volumes

Water volumes are dependent largely on customer usage and seasonal precipitation with approximately 65% of the annual water usage occurring from May to October. Since 2008, Bloomfield Township has seen a significant drop in water consumption. Overall, the Township's annual water volume has dropped from 310,000 MCF (6.35 MGD) in 2008 to 223,000 MCF (4.57 MGD) in 2015. This decline also mirrors the water use trend on the GLWA (DWSD) regional system. To illustrate how this water decline can affect the rate, consider using the water volumes from 2008 compared to 2015 for an expenditure of a \$1,000,000. In 2008, the cost would be \$3.22 / MCF (\$0.43 per 1000 gallons); while for the same expenditure of \$1,000,000 in 2015 the rate would be \$4.48 / MCF (\$0.60 per 1000 gallons). For the same \$1,000,000 expenditure the rate increased over 39% based on the declining water usage (volume) only. This illustration does not consider the additional increases for water and sewer expenditures to SOCWA and the WRC.

SOCWA projected that the Township would purchase 247,000 MCF of water annually for 2015, which was the water volume used in preparing the FY16 Budget. Based on water volumes purchased to date we estimate that the Township will actually purchase about 230,000 MCF by the end of the fiscal year. This is a 7% decrease in what was projected in the FY16 Budget. The current water purchases by the Township represents the same water volumes purchased over 30 years ago, see attached graph on Exhibit A.

Usage Rate

There are four components proposed in the 2016 usage rate; 1) commodity charges, 2) operating expenses, 3) depreciation, and 4) capital projects. The usage rates billed per 1000 gallons solely on the water volumes read on the customer's water meters. See Exhibit B for determination of the rates necessary to cover these expenses.

Commodity Charges: Water & Sewer

The commodity charges are the costs from SOCWA for water and from the WRC for sewage treatment. Both agencies are wholesale customers of GLWA and their costs consist largely on what GLWA charges them plus their own operating expenses. The GLWA approved their charges on March 2, 2016, however both SOCWA and the WRC have not finalized their water and sewer charges to the Township yet.

Water: On July 1, 2011, Bloomfield Township became a customer of SOCWA in order to reduce expenses for water. SOCWA invoices the Township monthly based on water usage along with a monthly fixed charge. In FY16, the monthly fixed charge of \$59,795 represented 10% of SOCWA's annual expected revenue of \$7,175,400.00. SOCWA's fixed charge of \$717,540 is billed monthly regardless of how much water the Township purchases. The SOCWA's charges were based on 247,000 MCF of water being purchased by the Township, but actual water volumes purchased by the end of FY16 will be about 230,000 MCF, a 7% decrease.

For FY17, SOCWA is estimating costs to be \$6,755,600 based on the Township purchasing 228,000 MCF. The monthly fixed charge will decrease from \$59,795.00 to \$56,297.00 (10% of total required revenue) and the commodity rate will be increasing from \$26.15/ MCF to \$26.67 / MCF representing a 1.99% increase. In terms of how the Township bills the customer, the retail water rate is determined by dividing the SOCWA estimated cost for water by the projected metered water sales. We estimate water sales to be about 93% of the water the Township purchased. This takes into account water that is not metered such as firefighting, hydrant flushing, Township owned facilities, pipe leakage, and water main breaks.

Sewer: On July 1, 2014, the WRC changed the methodology on how they invoice the communities of the Evergreen Farmington Sewage Disposal System (EFSDS). Previous to this change, the WRC had billed the communities quarterly, based on the actual sewage flows for each community. The current WRC methodology consists of billing the Township a monthly fixed charge based on the Township's portion (approximately 16%) of the EFSDS annual sewage flow. For the FY16 rates we anticipated a 10% increase from the WRC however the actual increase was instead about 3%. In FY16, the Township's monthly cost to the WRC was \$490,352.50 for sewer. As stated previously, water volumes were 7% less than projected for the FY16 sewer rate so we had fewer

sales and less sewer revenue. We are obligated to pay the monthly fixed charges from the WRC regardless of use.

For FY17, the monthly WRC charges are anticipated to increase by 4.1%, from \$490,352.50 to \$510,456.95 a month. Additionally in the Township's sewer rate are the costs associated with the Township's share of the WRC operating expenses of the Bloomfield Village CSO Treatment Basin. This expense, estimated to be \$550,000 in FY17, has been in place since the CSO Basin came on line in 1997. Like with water rates, the Township's retail sewer rate is determined by dividing the WRC charges of \$6,675,483.43 by the projected metered water volume sales for sewer customers. We estimate sewer sales to be about 80% of the water sales.

Operating Expenses

The Township's expenses for operating and maintaining the water and sewer system including expenses for employees, health care benefits, retirement, fuel, utilities, and much more are identified in the Townships' operating budget for the Water and Sewer Fund. The water and sewer system itself consists of a one million gallon storage reservoir, ten pumping facilities, over 500 miles of pipes along with thousands of manholes, hydrants and valves. Additionally over 15,000 water meters are read, billed and serviced. Township operating costs have been consistent over the past years, making up approximately 21% of the customer's charges. See Exhibit C for determination of the rates necessary to cover the budgeted expenses that pertain to the Township's cost to operate the system.

Depreciation

The average age of the water and sewer pipes within the Township's system is 50 years old with some pipes over 90 years old. Much of the system is nearing or is beyond half of their useful service life. Depreciation accounts for \$2,050,000 of the FY17 expenditures, representing \$779,000 for water and \$1,271,000 for sewer.

Capital Projects

In 2005, the Township Board of Trustees approved a long term capital improvement program for the water and sewer system. At the start of the program, the Township bonded for the projects and implemented the Debt Charges in accordance with Township Ordinances.

In order to continue the long term capital improvement program, without further bond debt, a component in the rate had to be established to cover the expenses for upcoming capital projects as it was approved in the 2005 Board Resolution (attached). Including a component in the usage rate for capital projects helps the Township to continue construction each year without selling bonds. In FY16 we introduced a capital projects component into the usage rate to continue the planned water main replacement work in 2016.

New in FY17 are changes in the MDEQ Administrative Rules promulgated under the Safe Drinking Water Act, 1976 Public Act 399 that requires the Township to develop a Capital Improvement Plan for five and twenty years. We recommend keeping the capital projects component to meet this new regulation showing that a mechanism is in place to sustain a capital improvement program. However, we are proposing to significantly reduce the

capital projects component in the water and sewer rates from \$1.26 to \$0.41, \$0.31 for water and \$0.24 for sewer, just to keep the current water and sewer rates for 2016. These rates are projected to generate \$800,000 in revenue, \$500,000 from water sales and \$300,000 from sewer sales. Furthermore, we recommend that the Township Board review the approved 2005 capital improvement plan to assure how funding is designated in the future to continue to meet this MDEQ regulation.

Other Charges

In addition to the usage rate components, are the charges for the Ready to Serve (RTS) charge, which is billed per customer and the Debt charge billed per residential equivalent unit (REU).

Ready To Serve

The term Ready to Serve (RTS) means that each customer connected to the water and sewer system has services available for use to them at any time including keeping the water system pressurized to serve for fire protection regardless of water demand. The GLWA bills each wholesale customer, SOCWA in our case, a RTS charge consisting of 60% of their overall operating costs. These costs do not vary with the water purchased. The RTS charge stabilizes cash flow during the months when there are low volumes of water sold. It is a fair way to spread the costs to provide service to all of our customers in an equitable manner.

In FY16, the Township increased the RTS charges significantly to capture the revenue, regardless of water purchased, necessary to cover the Township's monthly expenses that cannot be met from the quarterly billing due to the plummeting water volumes. The Township's monthly operating expenses do not vary with water consumption. For FY17, we propose to keep the RTS charges at \$72.00 per quarter for water and sewer customers, \$34.00 per quarter for water only and \$38.00 per quarter for sewer only customers. If the RTS charge was not implemented then the water and sewer variable rates would need to be increased over 25% to generate the necessary revenue to cover the Township's operating expenses. In FY17, the RTS charge is estimated to generate \$3,920,000 of revenue that covers 79% of the Township's operating expenses approved in the Budget and 17% of the total water and sewer revenue required.

Debt Charges

Debt charges have been in place by Township Ordinances for over 50 years and it is a mechanism for the Township to collect sufficient revenue to cover the bond debt for the water and sewer system. Currently, the Township has \$9,985,000 in water debt and \$9,845,000 in sewer debt. In 2016, the estimated debt payments, including amortization expense and paying agent fees, for water is \$862,550, an 18% decrease, and \$ 884,726 for sewer, a 50 % increase. The sewer debt increase is largely due to the Township's share of debt for bonds sold in 2015 by the County for the regional sewer system improvements which were mandated by the MDEQ. We are proposing the water debt charge be reduced from \$14.00 to \$11.50 per quarter and the sewer debt charge be increased from \$9.00 to \$13.25 per quarter for an overall increase of \$1.75 per quarter. See Exhibit D for determination of the charges necessary to cover this debt expense.

Summary

In determining the FY17 water and sewer charges, we have to consider the changes in the Township, such as the decrease in water volumes, and sustaining a means for collecting the revenue necessary to cover the day to day expenses of operating a water and sewer system whether water is used or not. The RTS charge has proven to support the Township's resourcefulness in generating the sufficient revenue and cash flow.

We have determined that the current water and sewer charges, including the RTS charges, are sufficient to cover the costs of the system expenses approved in the FY17 Budget (attached), beginning on April 1, 2016, with the exception of the debt charges. We are able to leave most of the current water and sewer charges in place due to the reduction of the capital projects component in both the water and sewer rates, even with cost increases from SOCWA and the WRC. See Exhibit E for the projected revenue that will cover the budgeted expense approved for FY17 beginning on April 1, 2016. Below is a summary of the charges we are proposing beginning April 1, 2016.

Proposed 2016 Charges Comparison

Quarterly Charges	2015	2016	Difference	Billed per
Water variable	\$ 5.20	\$ 5.20	\$ -	1000 gallons
Water RTS	\$ 34.00	\$ 34.00	\$ -	customer
Water Debt	\$ 14.00	\$ 11.50	\$ (2.50)	REU
Sewer variable	\$ 6.84	\$ 6.84	\$ -	1000 gallons
Sewer RTS	\$ 38.00	\$ 38.00	\$ -	customer
Sewer Debt	\$ 9.00	\$ 13.25	\$ 4.25	REU

This is an additional \$1.75 per quarter or \$7.00 per year for all water and sewer customer, even without any metered water usage.

Recommendation

It is our recommendation that the following charges be adopted for the budget year beginning April 1, 2016:

- Decrease the water debt charge from \$14.00 to \$11.50 /quarter.
- Increase the sewer debt charge from \$9.00 to \$13.25 /quarter.

The attached resolutions are presented and recommended for approval enacting the new water and sewer rate in place as of April 1, 2016.



Wayne Domine,
Director of Engineering and
Environmental Services



Thomas W. Trice,
Director of Public Works

Exhibit A

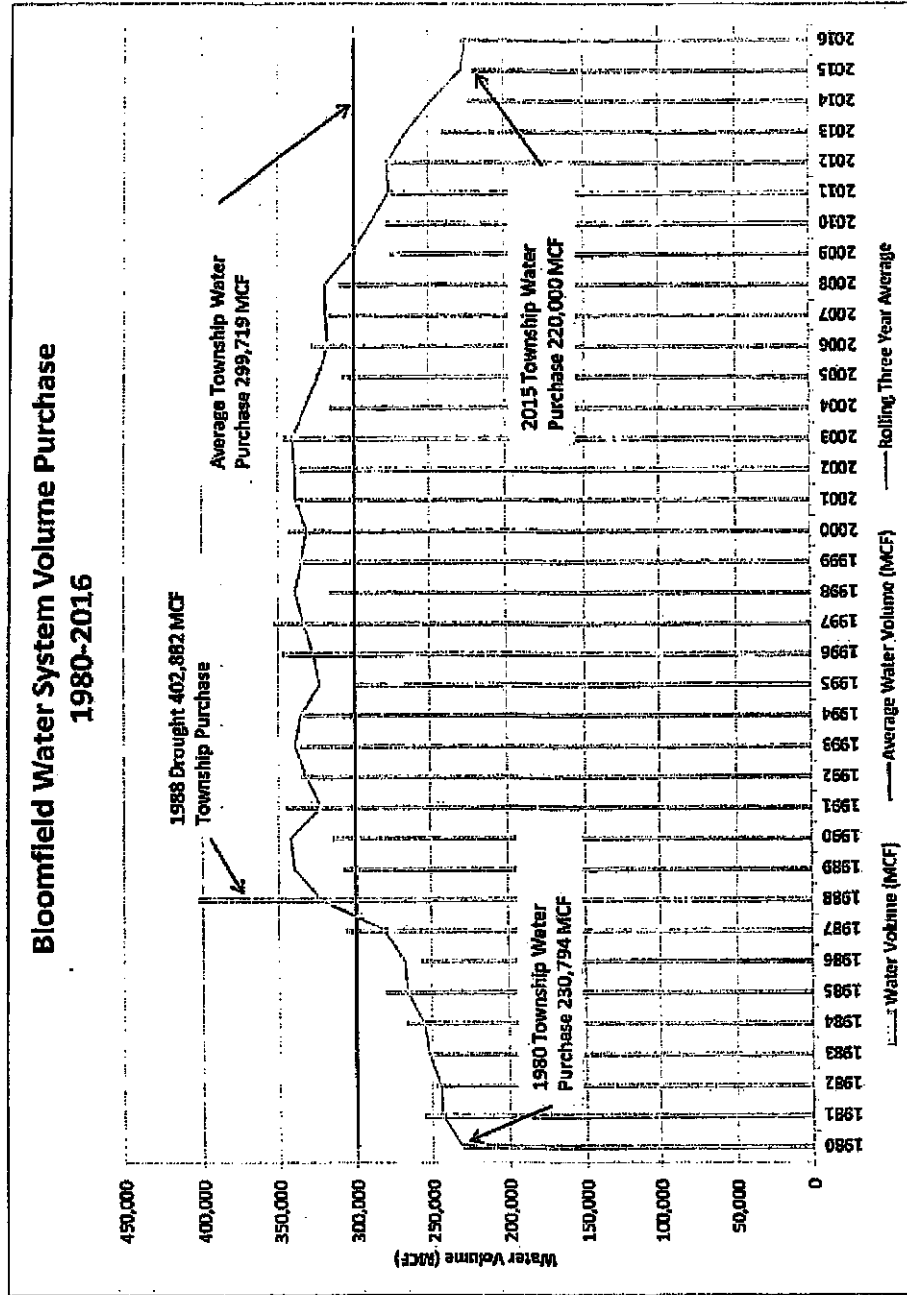


Exhibit B

Water and Sewer Fund

Rate Required To Cover Water and Sewer Expenses Based on Water Use

SOCWA Projected Water Purchases:

228,000.00 MCF

Water Rate Component	2016-17 Expenses	Rate Required	Proposed Rate
Cost of Water Purchased From SOCWA	\$ 6,755,600.00	\$ 4.259	\$ 4.26
Township Operations (less nonmetered revenue)	\$ 215,298.50	\$ 0.136	\$ 0.14
System Depreciation	\$ 779,000.00	\$ 0.491	\$ 0.49
Capital Projects	\$ 500,000.00	\$ 0.315	\$ 0.31
Total Expense/ Rate Required	\$ 8,249,898.50	\$ 5.202	\$ 5.20

Water sales are based on 93% of water sold thru metered customers: 212,040.00 MCF

1,586,059 1000 Gallons

Sewer Rate Component	2016-17 Expenses	Rate Required	Proposed Rate
Cost of Sewer Treatment/Maintenance (WRC)	\$ 6,675,483.00	\$ 5.261	\$ 5.26
Cost of Sewer Drains /Permit (WRC)	\$ 217,000.00	\$ 0.171	\$ 0.17
Township Operations (less nonmetered revenue)	\$ 220,381.50	\$ 0.174	\$ 0.17
System Depreciation	\$ 1,271,000.00	\$ 1.002	\$ 1.00
Capital Projects	\$ 300,000.00	\$ 0.236	\$ 0.24
Total Expense/ Rate Required	\$ 8,683,864.50	\$ 6.844	\$ 6.84

Sewer sales are based on 80% water sold to sewer customers with metered water:

169,632.00 MCF

1,268,847.36 1000 Gallons

Exhibit C

2016 Determination of Charges

Water & Sewer Operational Expenses		Budgeted Expense	Estimated Water	Estimated Sewer
702	Salaries & Wages	\$ 1,510,810.00	\$ 755,405.00	\$ 755,405.00
705	Contract Tap Labor	\$ 40,000.00	\$ 40,000.00	\$ -
707	Meter Installation Labor	\$ 12,000.00	\$ 12,000.00	\$ -
715	Social Security & Medicare Taxes (FICA)	\$ 115,230.00	\$ 57,615.00	\$ 57,615.00
716	Life & Health Insurance	\$ 344,240.00	\$ 172,120.00	\$ 172,120.00
716.01	Life & Health Insurance HRA Transfers (active)	\$ 44,000.00	\$ 22,000.00	\$ 22,000.00
717	Health Insurance Refund	\$ (52,000.00)	\$ (26,000.00)	\$ (26,000.00)
718.01	Retirement Plans DC	\$ 65,000.00	\$ 32,515.00	\$ 32,515.00
719	Other Fringe Benefits	\$ 4,000.00	\$ 2,000.00	\$ 2,000.00
720	Workers Compensation	\$ 25,020.00	\$ 12,510.00	\$ 12,510.00
721	Sick Pay Accrual	\$ 14,000.00	\$ 7,000.00	\$ 7,000.00
727	Office Supplies	\$ 6,000.00	\$ 3,000.00	\$ 3,000.00
728	Postage	\$ 32,000.00	\$ 16,000.00	\$ 16,000.00
741	Uniforms	\$ 5,000.00	\$ 2,500.00	\$ 2,500.00
743	Tools	\$ 4,000.00	\$ 2,000.00	\$ 2,000.00
748	Laundry	\$ 3,000.00	\$ 1,500.00	\$ 1,500.00
749	Misc. Operating Supplies	\$ 10,000.00	\$ 5,000.00	\$ 5,000.00
757	Meter Costs	\$ 40,000.00	\$ 20,000.00	\$ 20,000.00
778	Systems - R&M Supplies	\$ 200,000.00	\$ 100,000.00	\$ 100,000.00
779	Equipment - R&M Supplies	\$ 5,000.00	\$ 2,500.00	\$ 2,500.00
781	Top Soil & Sod	\$ 2,000.00	\$ 1,000.00	\$ 1,000.00
801	Legal Fees	\$ 15,000.00	\$ 7,500.00	\$ 7,500.00
803	Computer Services	\$ 35,000.00	\$ 17,500.00	\$ 17,500.00
805	Dues & Subscriptions	\$ 10,000.00	\$ 5,000.00	\$ 5,000.00
807	Employment Consultation	\$ 2,000.00	\$ 1,000.00	\$ 1,000.00
808	Medical Services	\$ 1,000.00	\$ 500.00	\$ 500.00
809	Engineering	\$ 45,000.00	\$ 22,500.00	\$ 22,500.00
810	Water Testing Fees	\$ 4,000.00	\$ 4,000.00	\$ -
811	MDEQ Water Supply Fee	\$ 10,000.00	\$ 10,000.00	\$ -
850	Communications	\$ 13,000.00	\$ 6,500.00	\$ 6,500.00
861	Fuel	\$ 45,000.00	\$ 22,500.00	\$ 22,500.00
862	Repair Parts	\$ 16,000.00	\$ 8,000.00	\$ 8,000.00
863	Vehicle Contracted Maintenance	\$ 30,000.00	\$ 15,000.00	\$ 15,000.00
864	Travel Meals Conferences	\$ 8,000.00	\$ 4,000.00	\$ 4,000.00
874	Retiree Health & Life	\$ 393,000.00	\$ 196,500.00	\$ 196,500.00
874.01	Retiree Health & Life OPEB	\$ 220,000.00	\$ 110,000.00	\$ 110,000.00
874.02	Retiree Health & Life HRA Transfers (retiree)	\$ 7,000.00	\$ 3,500.00	\$ 3,500.00
876	Retiree Health Savings	\$ 14,230.00	\$ 7,115.00	\$ 7,115.00
900	Printing & Publishing	\$ 15,000.00	\$ 7,500.00	\$ 7,500.00
910	Insurance & Bonds	\$ 75,000.00	\$ 37,500.00	\$ 37,500.00
920	Utilities	\$ 70,000.00	\$ 35,000.00	\$ 35,000.00
931	Equipment - Contracted R&M	\$ 20,000.00	\$ 10,000.00	\$ 10,000.00
932	System - Contracted R&M	\$ 600,000.00	\$ 300,000.00	\$ 300,000.00
933	Office Equipment - Contracted R&M	\$ 2,000.00	\$ 1,000.00	\$ 1,000.00
934	Building & Grounds - Contracted R&M	\$ 40,000.00	\$ 20,000.00	\$ 20,000.00
940	Rent and Leases	\$ 350,000.00	\$ 175,000.00	\$ 175,000.00
956	Miscellaneous Expense	\$ 30,000.00	\$ 15,000.00	\$ 15,000.00
958	Training Expense	\$ 12,000.00	\$ 6,000.00	\$ 6,000.00
977.01	Equipment Non - Capitalize	\$ 35,000.00	\$ 17,500.00	\$ 17,500.00
988.00	Bond Amortization Bond Discount	\$ 21,055.00	\$ 19,491.00	\$ 1,574.00
999.07	Transfers Out Pension Obligation Bond Debt - R	\$ 226,188.00	\$ 113,094.00	\$ 113,094.00
999.08	Transfers Out Pension Obligation Bond Debt - A	\$ 125,867.00	\$ 62,933.50	\$ 62,933.50
Total Budgeted Expenses for Water & Sewer Operations		\$ 4,998,680.00	\$ 2,521,788.50	\$ 2,437,881.50
Estimated Rates to cover Operational Expenses:		\$ 3.5113	\$ 1.5900	\$ 1.9213
Less Estimated Revenue from RTS Charges:		\$ (3,920,900.00)	\$ (2,012,000.00)	\$ (1,908,000.00)
Less Water & Sewer Revenues from other sources:		\$ (604,000.00)	\$ (294,500.00)	\$ (309,500.00)
Net Expenses to be covered by rates based on metered water use:		\$ 495,680.00	\$ 215,288.50	\$ 220,381.50
Net Estimated Rates to cover Operational Expenses:		\$ 0.3094	\$ 0.1357	\$ 0.1737
Proposed Rate Required to cover Operational Expenses:		\$ 0.31	\$ 0.14	\$ 0.17

Percentage of RTS revenue covering Operational Expenses:	79.04%	79.78%	78.26%
Percentage of rates revenue covering Operational Expenses:	8.78%	8.54%	9.04%
Percentage of other revenue covering Operational Expenses:	12.18%	11.68%	12.70%

SOCWA Projected Water Purchases:	228,000.00 MCF
Water sales are based on 93% of water sold thru metered customers:	212,040.00 MCF
Sewer sales are based on 80% water sold to sewer customers:	169,632.00 MCF

Exhibit C (Continued)

2016 Determination of Charges

Water & Sewer Nonmetered Revenue		Budgeted Expense	Estimated Water	Estimated Sewer
444	Late Payment Penalties	\$ 225,000.00	\$ 112,500.00	\$ 112,500.00
501	Federal Grants	\$ -	\$ -	\$ -
627.02	Charges for Services Labor Repayments	\$ 10,000.00	\$ 5,000.00	\$ 5,000.00
627.05	Charges for Services Eng. & Env. Admin Fees	\$ 10,000.00	\$ 5,000.00	\$ 5,000.00
641.01	Sewer Usage Charges Fixed Fee (RTS)	\$ 1,908,000.00	\$ -	\$ 1,908,000.00
642.01	Water Sales Fixed Fee (RTS)	\$ 2,012,000.00	\$ 2,012,000.00	\$ -
643	Tap Sales	\$ 30,000.00	\$ 30,000.00	\$ -
644	Meter Sales	\$ 65,000.00	\$ 65,000.00	\$ -
645	Material/Service Sales	\$ 10,000.00	\$ 5,000.00	\$ 5,000.00
654	Interest Earnings	\$ 10,000.00	\$ 5,000.00	\$ 5,000.00
673	Sale of Assets	\$ -	\$ -	\$ -
675.10	Contributions Developers	\$ 95,000.00	\$ 47,500.00	\$ 47,500.00
676.00	Reimbursements General	\$ 4,000.00	\$ 2,000.00	\$ 2,000.00
693	Gain on Sale of Depreciable FA	\$ -	\$ -	\$ -
694	Other Revenue	\$ 5,000.00	\$ 2,500.00	\$ 2,500.00
697	Water Capital Charges	\$ 15,000.00	\$ 15,000.00	\$ -
698	Evergreen Sewer Charges	\$ 125,000.00	\$ -	\$ 125,000.00
Water & Sewer Revenues Not from Metered Water Use:		\$ 4,524,000.00	\$ 2,306,500.00	\$ 2,217,500.00
Less Estimated Revenue from RTS Charges:		\$ (3,920,000.00)	\$ (2,012,000.00)	\$ (1,908,000.00)
Net Revenue from other sources:		\$ 604,000.00	\$ 294,500.00	\$ 309,500.00

Exhibit D

BOND DEBT

Activity:	Approved Budget ending 3/31/2017	FY 16 Budget	Water Expense	Quarterly Debt Charge	Sewer Expense	Quarterly Debt Charge
536 - Water & Sewer						
991 Principal Payments	\$ 1,080,344.00	\$ 535,000.00	\$ 7.10	\$545,344.00	\$ 8.16	
995 Interest	\$ 642,367.00	\$ 306,350.00	\$ 4.06	\$336,017.00	\$ 5.03	
996 Paying Agent Fees	\$ 3,500.00	\$ 1,709.00	\$ 0.02	\$ 1,791.00	\$ 0.03	
997 Bond Issue Costs		\$ -	\$ -	\$ -	\$ -	
998 Bond Amortization Bond Discount	\$ 21,065.00	\$ 19,491.00	\$ 0.26	\$ 1,574.00	\$ 0.02	
998.01 Bond Amortization Bond Issue Costs		\$ -	\$ -	\$ -	\$ -	
Activity Total: 536 - Water & Sewer	\$ 1,747,276.00	\$ 862,550.00	\$ 11.44	\$884,726.00	\$ 13.24	

Water Volume

228,000.00 MCF
1,705,440.00 1000 Gallons

Recommended: **\$ 11.50****\$ 13.25****Water Sales**

216,000.00 MCF
1,615,680.00 1000 Gallons

Sewer Sales

180,000.00 MCF
1,346,400.00 1000 Gallons

Water REU

18,850.00

Sewer REU

16,700.00

Exhibit E

Projected Annual Revenue	Rate	Projected Revenue	Percentage
Water metered sales per 1000 gallons metered	\$ 5.20	\$ 8,247,507.84	35.51%
Sewer metered sales per 1000 gallons metered	\$ 6.84	\$ 8,678,915.94	37.37%
Water Ready To Serve per customer	\$ 136.00	\$ 2,012,800.00	8.67%
Sewer Ready To Serve per customer	\$ 152.00	\$ 1,930,400.00	8.31%
Water Debt per residential equivalent unit	\$ 46.00	\$ 867,100.00	3.73%
Sewer Debt residential equivalent unit	\$ 53.00	\$ 885,100.00	3.81%
Estimated Revenue from other sources		\$ 604,000.00	2.60%
Projected Total Revenue		\$ 23,225,823.78	100.00%

Water sales are based on 93% of water sold thru metered customers: 212,040.00 MCF
 1,586,059.20 1000 Gallons

Sewer sales are based on 80% water sales to sewer customers with metered water:
 169,632.00 MCF
 1,268,847.36 1000 Gallons

STATE OF MICHIGAN

COUNTY OF OAKLAND

CHARTER TOWNSHIP OF BLOOMFIELD

WATER SERVICES CHARGES

WHEREAS, the Southeast Oakland County Water Authority (SOCWA) adjusts the rates for the cost of water service to the Township annually; and

WHEREAS, the Township incurs costs for the operation and maintenance of the Township's public water supply system; and

WHEREAS, Chapter 38, Article IV, Division 2 of the Bloomfield Township Code of Ordinances provides that certain rates and charges for various water connections and usages supplied to users of the Township's public water supply system shall be established by resolution of the Township Board; and

WHEREAS, the Township staff has made a recommendation to the Township Board to not increase the rates and to decrease the debt charge to cover the costs of supplying water to the customers of the Township; and

WHEREAS, the Township Board desires to adopt the recommended rates and charges to cover the costs of supplying water to the customers of the Township.

NOW, THEREFORE, effective on billings rendered on or after April 1, 2016 the following charges for service shall be made to-wit;

Section 38-214. A quarterly charge for water service shall be made to each of the premises connected to the system in the amount of \$5.20 per 1,000 gallons, plus a water debt charge of \$11.50 per quarter, or \$3.83 per month. The fixed rate/quarter charge on all water connection, "Ready to Serve", shall be \$34.00 per quarter, or \$11.33 per month.

For those premises connected to the Township water system where a meter has not been installed, the quarterly charge for water service shall be \$182.00 per quarter, or \$60.67 per month plus an \$11.50 water debt charge, or \$3.83 per month, plus \$34.00 "Ready to Serve" charge, or \$11.33 per month.

Ayes:

Nays:

Abstentions:

Absent:

CERTIFICATION

It is hereby certified that the foregoing Resolution is a true and accurate copy of the Resolution adopted by the Township Board of the Charter Township of Bloomfield at a meeting duly called and held on _____.

CHARTER TOWNSHIP OF BLOOMFIELD

Date

JANET RONCELLI, Township Clerk

1387609_1.DOC

STATE OF MICHIGAN

COUNTY OF OAKLAND

CHARTER TOWNSHIP OF BLOOMFIELD

SEWER SERVICES CHARGES

WHEREAS, the Great Lakes Water Authority (GLWA) and the Oakland County Water Resource Commissioner's Office have passed on certain rate increases for sewage disposal to the Township; and

WHEREAS, Section 38-255(1) and (2) of the Bloomfield Township Code of Ordinances provides that charges for sewage treatment should be established by resolution of the Township Board; and

WHEREAS, the Township staff has made a recommendation to the Township Board to not increase the rates and to increase the debt charge to cover the costs of sewage disposal to the customers of the Township; and

WHEREAS, the Township Board desires to adopt the recommended rates and charges to cover the costs of sewage disposal to the customers of the Township.

NOW, THEREFORE, effective on billings rendered on or after April 1, 2016 the following charges for service shall be made to-wit;

Section 38-255. For each premises not connected to the Township water system, the quarterly charge for sewage disposal shall be \$240.00 plus \$38.00 "Ready to Serve" charge quarter, or \$12.67 per month, plus a \$13.25 sewer debt charge per quarter, or \$4.42 per month, unless otherwise provided.

For those premises connected to the Township water system, the sewage disposal charge shall be \$6.84 per 1,000 gallons, plus a sewer debt charge of \$13.25 per quarter, or \$4.42 per month. The fixed rate/quarter charge on all sewer connection, "Ready to Serve", shall be \$38.00, or \$12.67 per month.

Ayes:

Nays:

Abstentions:

Absent:

CERTIFICATION

It is hereby certified that the foregoing Resolution is a true and accurate copy of the Resolution adopted by the Township Board of the Charter Township of Bloomfield at a meeting duly called and held on _____.

CHARTER TOWNSHIP OF BLOOMFIELD

Date

JANET RONCELLI, Township Clerk

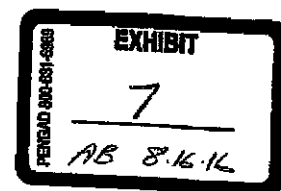
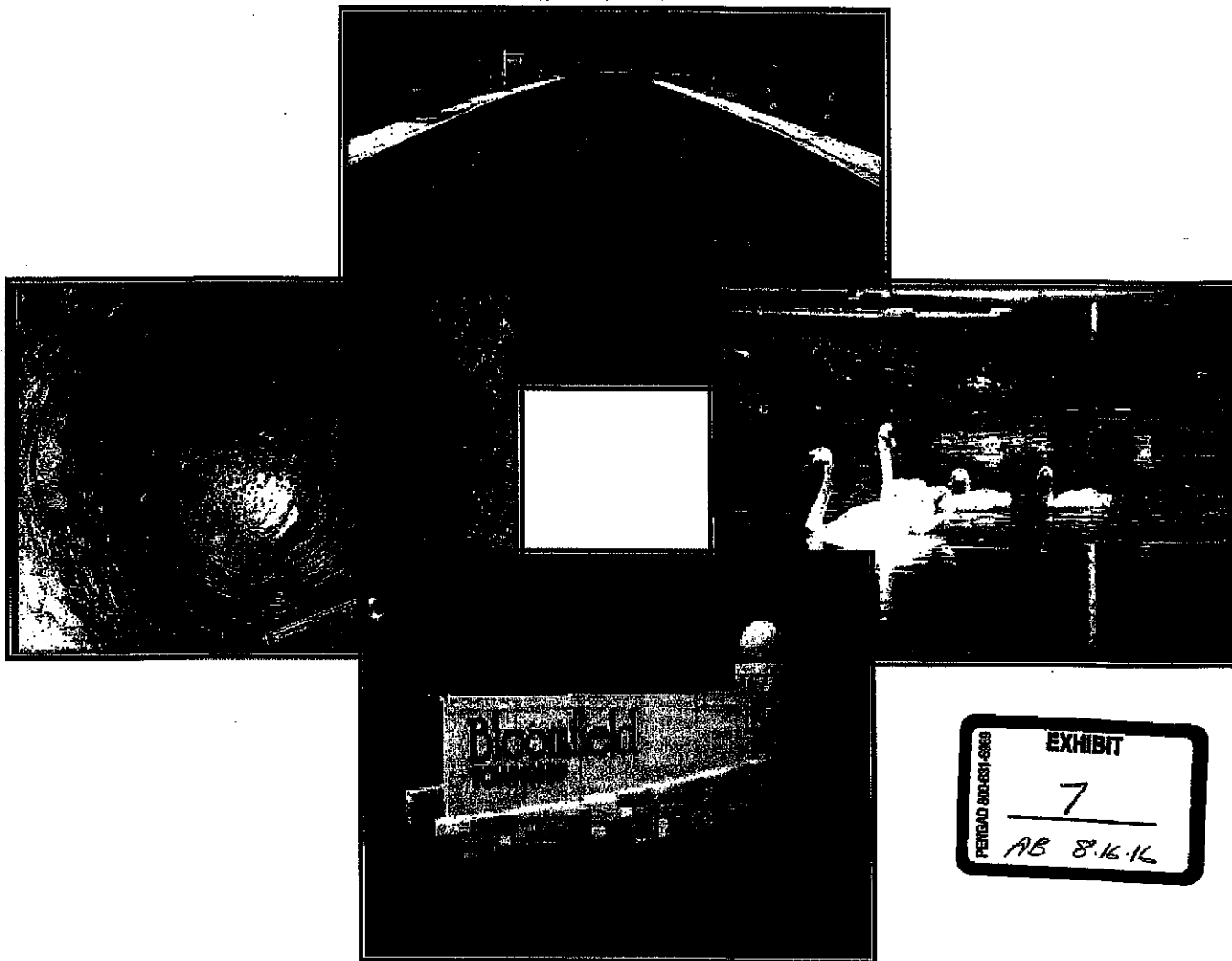
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EXHIBIT G



Engineering & Environmental Services Department

2014 Annual Report



MISSION STATEMENT

Our mission is to provide professional engineering and environmental services in a respectful and efficient manner, which safeguards the Township's public infrastructure and natural resources for the well-being of our residents.

Engineering and Environmental Services Department Staff

The following are current EESD employees with their years of Township service included.

Wayne Domine, PE, Director (23 years)

Department Head, responsible for supervising the overall activities of the Engineering and Environmental Services Department in conjunction with the needs to sustain the operation of the Township's water supply system and sanitary sewer system and other public works activities.

Lance Scram, Project Coordinator (17 years)

Responsible for coordinating public works projects, such as the Township's safety path construction and road paving projects with the Township DPW, consultants, contractors, other public agencies, and customers. Also, assists the Department of Public Works with snow removal activities as needed.

Olivia Olsztyn-Budry, PE, Township Engineer (5 years)

Responsible for managing public improvement projects in conjunction with the needs of the Township's DPW operations. Provides technical support associated with the planning and construction of public improvements and review of site development projects submitted for Building Permits. Also, reviews Building Permit applications on behalf of the DPW- Water Division.

Charles Markus, Program Coordinator (3 years)

Responsible for implementing the activities involving management of the Township's environmental programs to meet regulatory compliance in conjunction with the Township's Phase II Watershed-based Storm Water permit, wetlands, pest management, woodlands, and protection of other natural features. Also, reviews Tree Permit applications on behalf of Planning, Building, and Ordinance Departments.



EESD Team (left to right): Angela Pasciolla, Wayne Domine, Olivia Olsztyn-Budry, Lance Scram, and Charles Markus.

Engineering & Environmental Services Department

2014 Support & Technical Assistance

Support, Technical Assistance, and Project Summary

The EESD supports other departments in the review of projects that seek permits from the Township. In cooperation with the Planning, Building & Ordinance Department and Department of Public Works, the EESD reviews applications for building permits, demolition permits, fill permits, planning permits, and tree removal permits. Also, the EESD assists the Clerk's Office in reviewing applications for right-of-way disturbance permits, and Wetland Permits.

The EESD staff provides technical support to the DPW Water Division throughout several emergency water and sewer repairs. In addition, EESD staff provides assistance to residents regarding connection to Township water and sewer services, drainage concerns impacting their property, and natural resource development regulations. EESD staff also provides project management and technical direction during the replacement and upgrading of public utilities. The EESD works collaboratively with other jurisdictions, including MDOT, DWSD, SOCWA, and the Water Resource Commissioner's office.

Below is a numerical summary of projects and work that the EESD either managed or provided assistance in 2014.

- 232 building, tree, and fill permit reviews
- 0.34 miles of new safety path
- 2,170 tons of asphalt for road paving overlays
- 42,300 square feet of concrete road repair
- 10.48 miles of new road through SAD process
- 29,040 feet (5.5 miles) of new water main
- 3,168 feet (0.6 miles) of sanitary and combined sewer rehabilitated
- 2,980 feet (0.6 miles) of new sanitary sewer
- 23,702 feet joint sealing
- 67 right of way permit reviews
- 20 new private development engineering plan reviews and project oversights

Engineering & Environmental Services Department

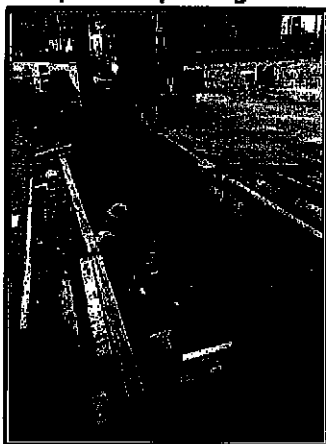
2014 Department Highlights

Department Highlight

Water System

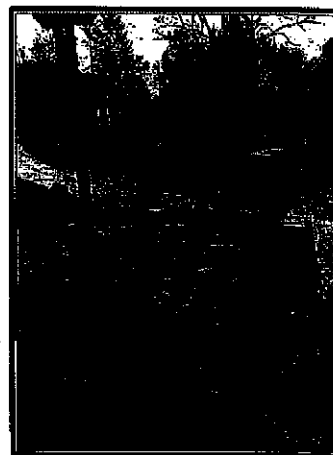
Bloomfield Village Water Main Enhancement Project Phase I

As part of the Township's continuing capital improvement program, existing water mains in Bloomfield Village will be rehabilitated or replaced over the next several years. The water system that serves most of Bloomfield Village was installed from 1925 through 1968 and consists of 11 miles of underground piping. Because of the overall size of the water system in Bloomfield Village, the project will be constructed in different phases. This phase delineation was also in consideration to avoid other utility upgrades, such as improvements by Consumers Energy that are planned for the existing gas distribution system in the Bloomfield Village Subdivisions. The scope of the project includes upsizing 6-inch diameter water mains, replacing 8-inch to 12-inch diameter water mains, replacing and adding hydrants, and replacing valves.



Left Photo: Access pit for hydraulic pipe bursting equipment for installation of new water main.

Right Photo: Partial restoration of access pit from installation of hydrant assembly, and water main 24 hours after new water main was installed.



The selected method of construction is pipe bursting, which involves splitting or bursting the existing water main in place underground, and then inserting the new water main into the same channel as the old water main. Above ground excavations are minimized and only require excavations for access pits at the upstream and downstream ends of the section of water main being replaced, and access pits at all valve and hydrant locations. The impact to residents adjacent to the work is minimized to a day, and water service is restored within 10-12 hours.

The first phase of the water main enhancement program was to enhance the oldest water mains constructed in 1925. To date, 33% of the water pipes have been replaced east of Covington Road and a few small portions just west of Covington Road. In August 2013, the project was awarded to Bidigare Contractors. Phase 1 construction began in October 2013 and was completed by November 2014. A total of 5.2 miles (27,500 feet) of pipe has been replaced thus far. This leaves approximately 10.4 miles (54,855 lineal feet) of water pipes remaining to be replaced. In 2015, we are proposing to replace and upgrade the size of approximately 0.9 miles (4,900 feet) of the water main on Covington Road from Quarton to Cranbrook and replace approximately 2.4 miles (12,500 feet) of pipe in the Village subdivision, west of Cranbrook Road, for a total of 3.3 miles (17,400 feet).

Department Highlight

Water System

Wing Lake Shores Water Main Replacement

In 2004, the Township Board authorized the EESD to proceed with a Long Term Capital Improvement Program for water main. The program began in 2006 in the Hickory Heights area, 2008 the Charing Cross Estates Subdivision, 2009 the Colberry Park Subdivision, and in 2013 the Village Phase I water system enhancement program. Wing Lake Shores was recognized for replacement based on pipe size and number of breaks per year. Wing Lake Shores Subdivision is the last known subdivision with undersized four inch diameter water mains in Bloomfield Township. In 1965, the existing water system was extended to include both six inch and eight inch water mains with the existing four inch water mains. The current minimum standard size for water main to meet fire flows and demand is eight inch diameter water main.



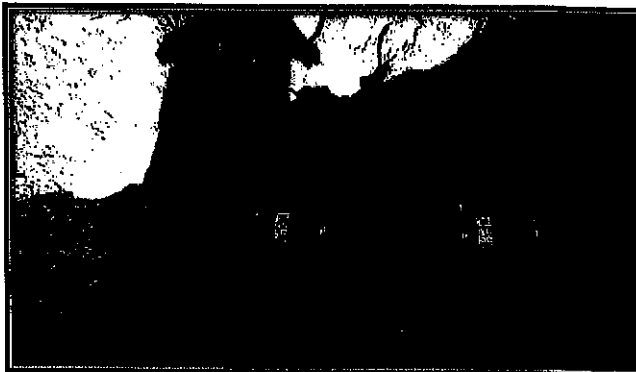
Installing new water hydrants.



Township contractor digging up existing water main.

The scope of work consists of installing, via pipe bursting, approximately 3,600 linear ft. of eight inch diameter HDPE water main to replace existing four inch and six inch diameter mains. This project included the installation of two new hydrants and thirteen gatewells, and the reconnection of thirty-eight water services.

The project was awarded to Bidigare Contractors and work began in November 2014. The roads affected subside in Wing Lake Shores and Wing Lake Shores Estate. Work on this project will be completed in 2015.



Township contractor installing new water main.

Department Highlight

Illicit Discharge Elimination Program Vailwood Court

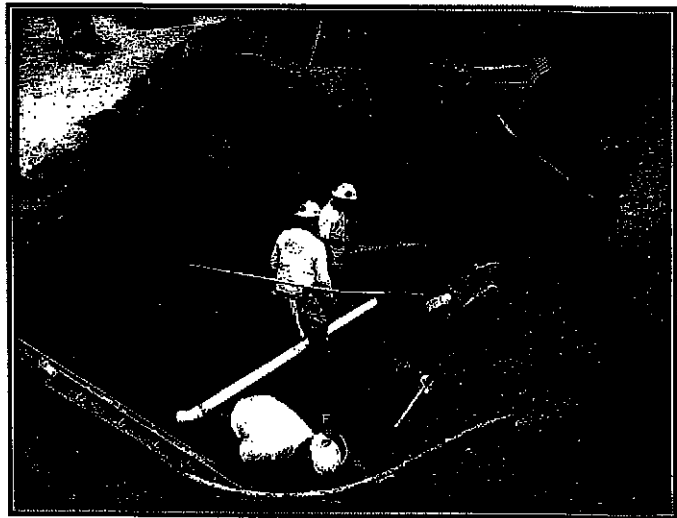
In late 2013 a preliminary investigation performed by the Oakland County Water Resource Commissioner's Office (WRC), of the storm drainage system, known as the Law Drain, indicated elevated levels of bacteria likely coming from the storm sewer on Vailwood Court. The WRC notified the EESD of these investigation results. The storm drains convey rainfall to Heather Lake without treatment. In this case, it was suspected that the sanitary sewer leads from some of the homes on Vailwood Court were connected to the storm drain instead of the sanitary sewer. Connection of the sanitary service leads to the storm drains is a direct source of pollution to Heather Lake, located within the subdivision. Untreated wastewater discharging through the storm drains to lakes and streams can cause excessive algae and weed growth, limit oxygen in the water available to aquatic wildlife, and cause increased bacterial level exposure to people and animals.

To determine if homes down Vailwood Court were improperly connected to the storm drain, EESD staff worked with the homeowners and DPW to investigate the sanitary connection at each home. The results of the investigation determined that one home's sanitary sewer lead was improperly connected to the storm sewer.

Once the improperly connected home was identified, the Township was able to correct the exterior sanitary sewer lead and storm drain pipe to the proper public utility. The Township and its contractors performed the work at no cost to the homeowners. The construction was completed by summer of 2014.



D'Angelo Brothers Inc. properly re-installing public utilities down Vailwood Court.



Installation of new pipe to existing sanitary sewer system.

Department Highlight

Grant Funding

Green Landscaping and Beautification

While surface water quality in the Township remains higher than several other areas in the Rouge River Watershed, it is critical to continue to maintain and protect these water features. In part, landscaping practices using trees and other vegetation will help protect water quality. Below is a summary of landscaping projects funded by grants received.

US Forestry EAB Tree Grant

The Alliance of Rouge Communities (ARC) applied for the US Forestry Emerald Ash Borer Tree Grant this year. This grant was established to recover the tree population in rouge communities after losing many trees due to an outbreak of emerald ash borer. The grant is for \$100,000 and will be used to purchase a total of 680 trees. So far 11 rouge communities have expressed interest in participating in this grant, including Bloomfield Township. The deadline for community interest is June 5, 2015. The requirements for the grant include a one page summary of the number and type of trees actually planted and a map of their locations in the Township. If the grant is approved, the trees will be planted throughout the Township in the summer of 2015.



Newly planted trees in Telegraph Road
right of way.

Department Highlight

Road Special Assessment Districts (SAD)

The homeowners in four subdivisions requested the Township to create a special assessment district to pave their roads. The EESD drafted the petition, and oversaw the SAD process on behalf of the Township. The construction of the paving projects were managed by the Road Commission for Oakland County (RCOC) for two projects and the Township's consulting engineers managed two projects under RCOC permits. Lance Scram, with the EESD, acted as a liaison between the Township, residents, and the RCOC during the projects.

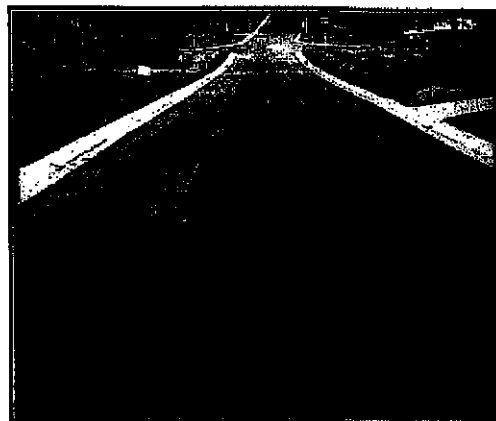
SAD #406: Wabeek No. 5 and No. 6 Subdivision

4" Asphalt with Concrete Curbs



Old Asphalt (Before)

Cost: \$13,354 / home
Road Mileage: 2.67miles
Number of Homes: 106



New Asphalt (After)

SAD #407 Hickory Heights Subdivision

4" Asphalt with Open Ditches



Old Asphalt (Before)

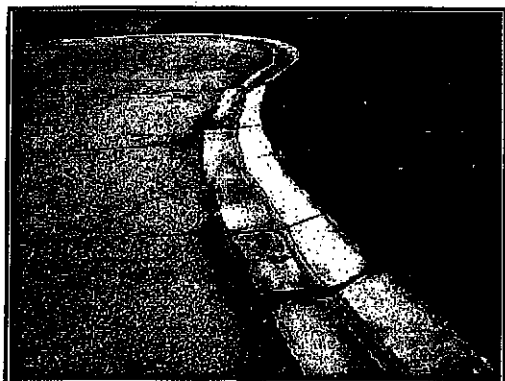
Cost: \$6,590 / home
Road Mileage: 6.72miles
Number of Homes: 380



New Asphalt (After)

SAD #408 Carillon Hills Subdivision

4" Asphalt with Concrete Curbs



Old Asphalt (Before)

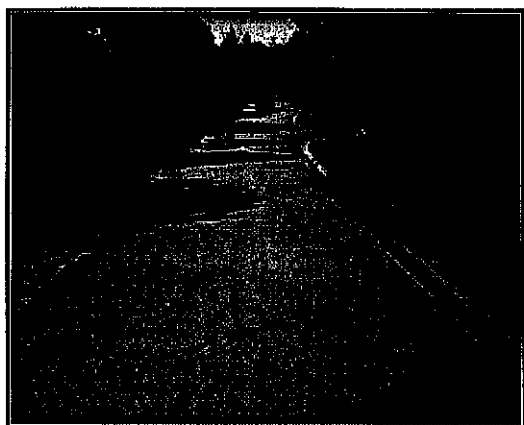
Cost: \$16,165 / home
Road Mileage: .39miles
Number of Homes: 19



New Asphalt (After)

SAD # 409 Echo Park Subdivision

4" Asphalt with Concrete Curbs



Old Asphalt (Before)

Cost: \$9,762 / home
Road Mileage: .70 miles
Number of Homes: 51



New Asphalt (After)



Crew leveling sub base of the road
before placing asphalt.

2014 Summary Review

New concrete at Sunningdale Drive and Ranch Lane.

Asphalt Overlay Program



Old asphalt at Inwoods Circle and Inwoods Court.

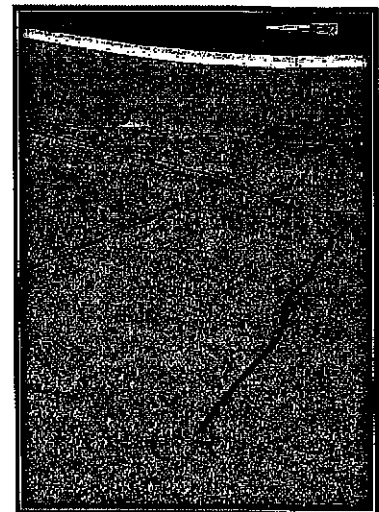
In 2014, funds were budgeted to contract a portion of the paving to supplement the DPW – Road Division in completing their annual asphalt overlays on subdivision roads. This contracted work is necessary due to the short paving season in Michigan. The EESD staff developed specifications and solicited bids from paving contractors and the DPW – Road Division oversaw the work. Over 2,170 tons (1.4 miles) of asphalt was overlaid in three subdivisions. These overlays are temporary repairs that will extend the current use of the roadway surface.



New asphalt at Inwoods Circle and Inwoods Court.

Joint Sealing Program

In 2014, the Township contracted to have 23,702 linear feet of joint sealing completed. The EESD staff developed specifications and solicited bids from joint sealing contractors. Work was performed by Ash-Con on various roads in the Township as well as the Township Campus parking lots.



Joint sealing in parking lot of Township campus.

Safety Path Program

In 2014, 0.34 miles of new safety paths were constructed as part of the master plan approved with the 2008 millage renewal. These areas include:

- Squirrel Road, from Square Lake Road to the I-75 Bridge
- Maple Road, from Lahser Road to Gilbert Lake Road (delayed for 2015 construction)
- Telegraph Road, from Exeter Road to Long Lake Road (delayed for 2015 construction)



New concrete safety path.

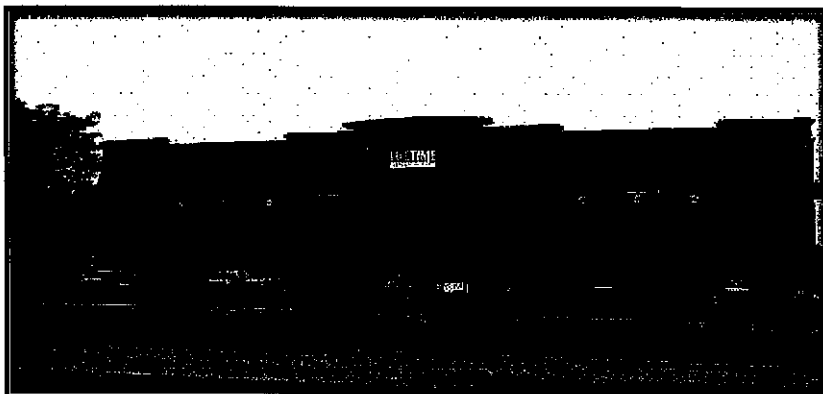
Also in 2014 the Township voters renewed the safety path millage to continue the construction of new safety paths thru 2018.

Escrow Accounts

The EESD also manages new private construction through the use of escrow accounts. Developers interested in constructing private facilities in the Township post funds with the Township for the EESD or the Township's consultant to review construction plans for conformance to the Township's engineering ordinance and standards for public water and sewer construction and connections. During construction, Township representatives are on site to observe and inspect the construction per the approved plans. Bloomfield High School, Tel Square Plaza, and Long Lake Pines development are three of several projects that were started in 2014. To date, the EESD has collected over \$102,204 in fees for review and inspection on these three projects alone. As part of these projects, the developers are installing approximately 1,399 feet of sewer and 1,379 feet of water main.



Long Lake Pines of Bloomfield subdivision.



New Lifetime Fitness Center off Telegraph Road.

Bloomfield Township CSO Chapter 20 Drainage District Rehabilitation Project

Bloomfield Township partnered with Oakland County in 2010 to obtain Recovery Zone Bonds for sanitary and combined sewer rehabilitation in the Bloomfield Township Chapter 20 Drainage District. The scope of the project included cleaning, inspecting and rehabilitating sanitary sewers and manholes in order to reduce infiltration and inflow (I/I) and restore structural integrity of the aging sewer system. A total of 56,590 linear feet of sewer was relined and 38 manholes were rehabilitated. This project will continue into 2015.

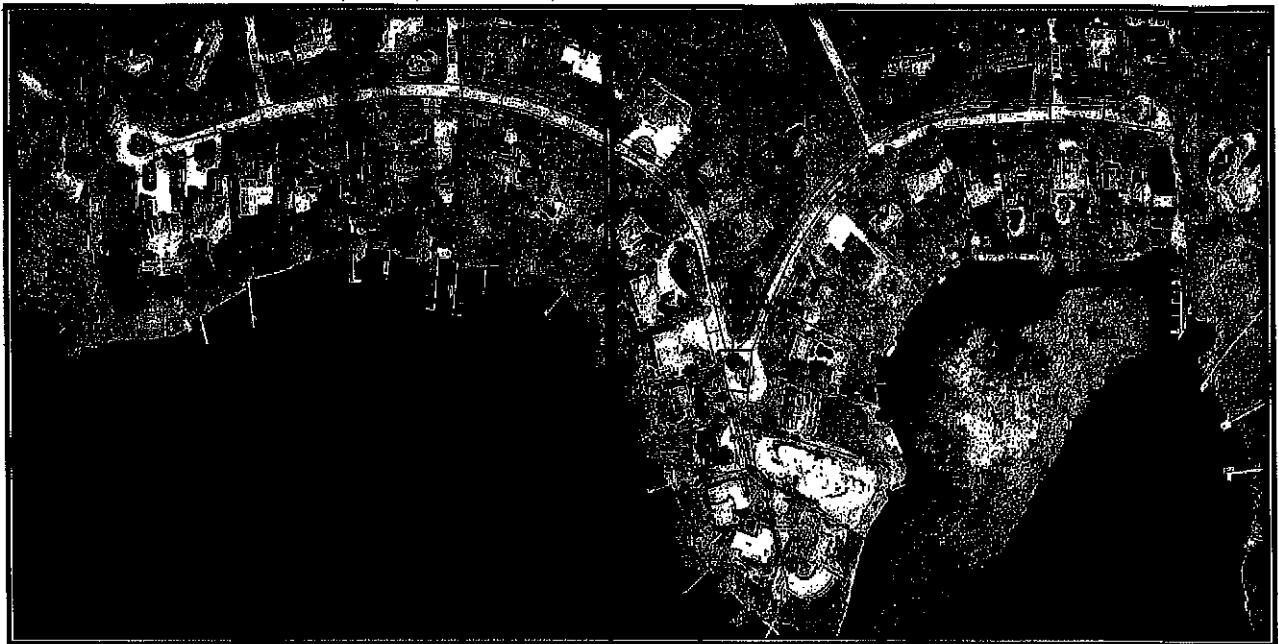
Connection to the SOCWA Water Supply

In 2011, Bloomfield Township became a customer of SOCWA for purchasing water. Bloomfield Township had been a customer of DWSD since 1964, but by purchasing water from SOCWA, the Township has saved on the cost of water. This savings was realized in the first year and subsequent years to be about \$2,000,000 per year.

In 2014, the final connection to the SOCWA water system was completed to create a new pressure district that includes a section of the City of Bloomfield Hills and the Township, south of Quarton Road. To accomplish this new pressure district in both communities, a new pressure regulating valve chamber located near Chesterfield and Woodward, in the City of Bloomfield Hills, was also completed July 2014. The completion of the SOCWA connection and integration with the City of Bloomfield Hills water system satisfies SOCWA's contract requirements for the Township.

Sanitary Sewer Extensions

Bloomfield Township managed one sanitary sewer project in 2014. Public sanitary sewer was extended into the Upper Long Lakes Estates Subdivision to serve existing properties. A total of 2,980 feet of sewer was installed on Long Point Drive.



Proposed sanitary sewer extension on Long Point Drive.

EESD Programs

In addition to construction projects, the EESD manages and oversees several Township-wide programs both specific to EESD and in coordination with other departments.

Intern Program

The EESD is proud to continue our intern program. In 2014 the EESD continued our intern program with two student interns: Kristen Shetler from U of M - Ann Arbor, and Angela Pasciolla from Lawrence Technological University. The interns work closely with EESD staff to gain experience in construction management, plan review and inspection; and administration of environmental programs. Interns assist EESD staff with various tasks, including:

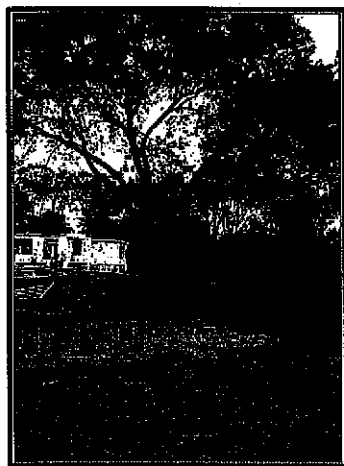
- Performing tree inspections,
- Ordinance violation inspections,
- Administrating the West Nile Virus program (including sampling and treatment)
- Performing engineering and building plan reviews,
- Inputting data for the water and sewer systems, and
- Conducting construction site visits for Township projects.



Kristen learning about the new PRVs with Ken Brown, Water Foreman, and Olivia Olsztyn-Budry, Township Engineer.



Angela reviewing construction plans for a new sanitary sewer.



Residential tree protection fencing.

Tree Preservation & Protection Ordinance

The EESD works with the Planning, Building & Ordinance Departments to assist Township residents and their contractors in the form of pre-application meetings, site visits, plan evaluation and phone conversations with perspective applicants and interested residents. After a tree permit application is submitted to the Building Department, the EESD staff reviews the application and inspects the site to confirm the work to be done.

In addition to the private projects, the EESD staff reviews the construction plans of public improvements such as safety path and water main installation to assure that trees are protected during construction.

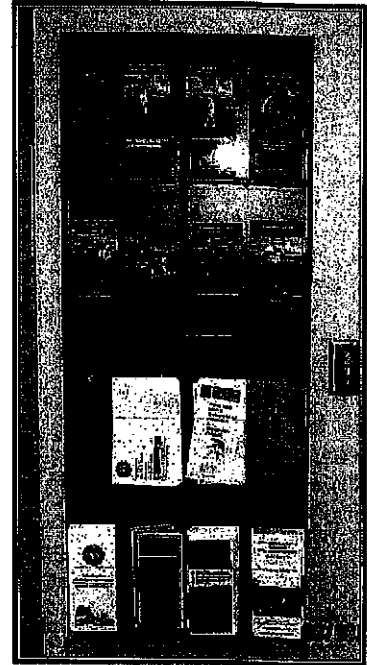
Fertilizer Ordinance

Through Bloomfield Township's Registered Fertilizer Applicator Program, commercial fertilizer firms agree to follow the requirements of the Fertilizer Ordinance for all fertilization done in the Township. The registrars are issued a permit for a two year period. The first year of the two year phase for this permit process began in spring of 2014.

National Pollution Discharge Elimination System (NPDES) Permit Management

Bloomfield Township continues to implement the requirements under the Storm Water Pollution Preventive Initiative (SWPPI) plan which was required as part of the 2003 National Pollutant Discharge Elimination System (NPDES) general permit for our Municipal Separate Storm Sewer System (MS4) Permit. In addition, Bloomfield Township also incorporates elements from the rescinded 2008 permit.

The Township was audited in September of 2014 by the DEQ for compliance with the National Pollutant Discharge Elimination System (NPDES) storm water permit. The Township is currently in the process of updating Township standards to meet state requirements. The Township is also working towards improvements to accommodate new standards spelled out in the 2017 permit. The permit application is due to the MDEQ in April of 2016.



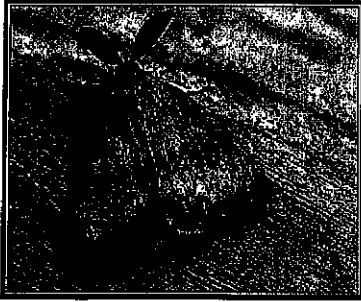
West Nile Virus Management Program

The Township West Nile Virus (WNV) Management Program continues to address the WNV problem through an integrated pest management program that consisted of identifying and prioritizing approximately 1300 catch basins and detention basins. Public areas found to be in high priority of mosquito control treatment are sampled and treated. Once it is determined that breeding has begun, treatment of street side catch basins, ditches, and retention and detention basins will begin. Catch basins will be treated with the larvicide Natular XRT. Natular XRT is an extended release tablet that prevents mosquito larvae from developing to adults and lasts up to 6 months.

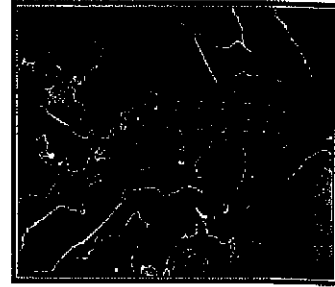
Throughout the year the EESD provides public education and community outreach activities through the WNV hotline, Township newsletter articles, and printed materials. The website provides additional information, such as the modes of virus transmission; means of prevention; and how to reduce the risk of exposure. There were no recent cases reported of the WNV in the Township. However, the risk for contracting the disease is still present in Southeast Michigan.

Gypsy Moth Management Program

Since 1993 Bloomfield Township, together with the National Gypsy Moth Management Group, has implemented an integrated pest management approach to reduce and contain the Gypsy Moth problem. Components of the program include: public education, intensive biological monitoring, and treatment plus evaluation.



Adult gypsy moth

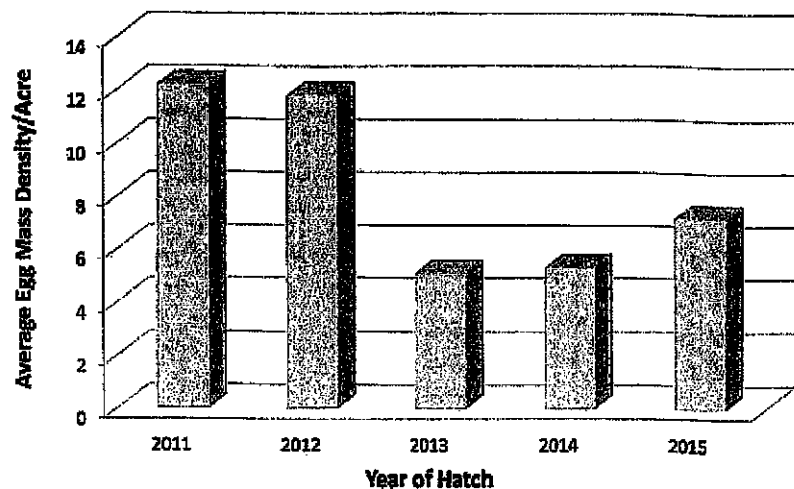


Gypsy moth caterpillar

The National Gypsy Moth Management Group personnel collected data from biological surveys at permanently established survey locations to determine Gypsy Moth population, density and health, susceptibility and vulnerability of trees and infestation trends. In the spring, fungus inoculations were applied to many locations throughout the Township.

The results of the data collected in 2014 revealed the average egg mass density for the managed areas increased by 24% from 5.3 EMA to 7.2 EMA that will hatch in spring of 2015. However, the number of focal areas of infestation decreased slightly from 41 to 36. The 2015 gypsy moth program will be the final year of a three-year contract with National Gypsy Moth Management Group. The program for 2015 is scheduled to target 13 sites.

Change in Gypsy Moth Density



Gypsy moth population trend in Bloomfield Township over a 5 year period.

Community Participation

Open House

EESD staff participated in Bloomfield Township's open house in October. EESD answered questions, displayed information, and educational materials addressing storm drain awareness, water conservation, earth-friendly landscape materials, fertilizer education, car washing techniques, proper HHW disposal, Emerald Ash Borer, West Nile Virus, "Ours to Protect" materials, and safety path maps.

The EESD held two free raffles at this year's open house. The first being a tree raffle and the second being a giant pumpkin contest where participants had to come close to guessing the weight of the pumpkin. The pumpkin weighed a total of 132 lb. 10 oz., with the closest guess being 132 lb. 8 oz.



2014 Tree Raffle Winners – The Baker family pictured with their new tree.



2014 Giant Pumpkin Raffle Winners – Darren and Stephanie Wheat with son Coen (pictured to the left) were the winners of the giant pumpkin.

River Rouge Rescue

Friends of the ROUGE

Each spring, Friends of the Rouge, in partnership with communities throughout the Rouge, brings volunteers together from across the watershed to work towards the common goal of

improving the Rouge River. This annual event began in 1986 with volunteers removing large quantities of trash from the river. Today much of the event is focused on river restoration. Also volunteers work to remove invasive plants from the river corridor, install native plantings, and stabilize stream banks to improve the health of the river.



EESD partnered with Friends of the Rouge to host a River Rouge Rescue at the EL Johnson Nature Center in Bloomfield Township. This year the event was held on April 26th, 2014. A total of 120 volunteers participated. Work involved planting 900 native wild flowers and grasses, 50 trees, and 76 plugs of shrubs at the nature center. Volunteers also cleaned up trash from Franklin Road.



Engineering & Environmental Services Department

A Look Ahead

A Look Ahead

As we look ahead to the future, the EESD will continue to oversee the Township's construction projects and continue to provide support to all Township departments regarding the environment, natural features, building projects, and Township utilities.

Projects planned for 2015 include:

- Continue the water system capital improvement programs
- Continue the sanitary sewer rehabilitation program
- Construction of new safety paths
- Continue road paving, concrete replacement and joint sealing
- Work with the WRC with regional sanitary sewer system improvements
- Develop an Asset Management Program for sewer and water systems
- Continue the Intern Program



Kim Plets

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