



Legislation Text

File #: 18-0462, **Version:** 1

Environmental Commission Resolution to Approve the City of Ann Arbor's Comprehensive Water and Wastewater Cost of Service and Rate Design Study and Recommend Adoption by City Council

City staff and consultants have developed a Comprehensive Water and Wastewater Cost of Service and Rate Design Study. The findings are being presented to the Environmental Commission and staff is seeking a resolution in support of the study findings and proposed rate structure.

Prepared by Lynne Chaimowitz

Whereas, Ann Arbor's prosperity is due, in large measure, to the infrastructure investments made by previous generations. However, that system is under stress;

Whereas, Our drinking and waste water pipes are, on average, 50 years old and nearing the end of their useful life;

Whereas, Over the last 10 years, Ann Arbor invested \$150 million to upgrade the wastewater treatment plant and over the next 10 years, a similar investment in the drinking water treatment plant and associated delivery infrastructure will be required;

Whereas, Staff has a blueprint that will guide us forward and address these issues;

Whereas, the first step in this blueprint is a Comprehensive Water and Wastewater Cost of Service and Rate Design Study;

Whereas, The City retained Stantec Consulting Services to conduct this study and provide their expertise in utility engineering and financial services;

Whereas, Stantec completed the cost of service study, which involved determining the requirements for maintaining our systems, allocating the costs among the different customer types, and designing a rate structure based on community objectives and legal requirements;

Whereas, The City of Ann Arbor formed an Advisory Committee to provide public feedback on the study;

Whereas, The purpose of this Advisory Committee was to engage the community in a discussion regarding the City's water and wastewater financial needs and make recommendations on proposed changes to the City's rate structure;

Whereas, The result of these discussions provided guidance for the Consultant to complete a comprehensive plan including information sufficient to support recommendations to the City Council regarding the City's water and wastewater cost of service recovery;

Whereas, The City uses Advanced Metering Infrastructure and this system has provided much more data than was available for the 2003 Cost of Service Study;

Whereas, These data show the precise monthly, daily, and even hourly usage by customer type, which allowed the Consultants to determine the actual cost to serve each customer class and these costs are the basis for the new rate structure;

Whereas, the new proposed rates include rates for a new multi-family customer class in addition to residential and non-residential customer classes;

Whereas, the proposed rates for residential and non-residential reflect the best available data for cost recovery for each respective class;

Whereas, the new multi-family customers fortuitously contain a population who have affordability challenges, which is a concern with rising water and sewer costs;

Whereas, the City plans to pursue additional non-rate programs in the near future to help residents with any ongoing affordability challenges; and

Whereas, Commissioners Hutton and Graham participated in the Public Advisory Committee.

Resolved, the Ann Arbor Environmental Commission approves the City of Ann Arbor's Comprehensive Water and Wastewater Cost of Service and Rate Design Study; and

Resolved, the Ann Arbor Environmental Commission recommends that the Ann Arbor City Council approve this study and adopt the recommended rates as proposed.