

ORDINANCE NO. ORD-16-01

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AN ORDINANCE TO AMEND SECTIONS 1:272, 1:277, AND 1:278 OF CHAPTER 12 (Financing Local Public Improvements) OF TITLE I OF THE CODE OF THE CITY OF ANN ARBOR

The City of Ann Arbor ordains:

Section 1. That Sections 1:272, 1:277, and 1:278 of Chapter 12 of Title I of the Code of the City of Ann Arbor be amended to read as follows:

**1:272. - Financing policy.**

- (1) Except as otherwise provided by this Code or regulation of the city planning commission, in respect to approval of plats, and except as otherwise provided by this Code relative to water main improvements and sanitary sewer improvements, it shall be the general policy of the city to finance construction by the city of local public improvements by special assessment or single lot assessment levied in accordance with Chapter 13, relative to special assessments or, if applicable, by local public improvement charges levied in accordance with section 1:279
- (2) Except as otherwise provided by this Code or regulation of the city planning commission, in respect to approval of plats, it shall be the general policy of the city to finance construction by the city of water main improvements by a water main improvement charge paid at the time of connection to the public water system. For properties located within the city, the water main improvement charge will be imposed and collected by special assessment or single lot assessment levied in accordance with Chapter 13. Provided, that the city may choose to create a special assessment district or impose a single lot assessment and collect such assessment at the time of construction in advance of connection. If that is done, the water main improvement charge at the time of connection shall be adjusted as provided in subsection 1:278(6) or (9), except that the improvement charge for the water main improvements that is imposed at the time of a connection ~~during the period on or after~~ July 1, 2013, ~~through June 30, 2015~~ shall be calculated as provided in subsections 1:277(3) or 1:278(6) for connections made during that period of time.
- (3) Except as otherwise provided by this Code or regulation of the city planning commission, in respect to approval of plats, it shall be the general policy of the city to finance construction by the city of sanitary sewer improvements by a sanitary sewer improvement charge paid at the time of connection to the public sanitary sewer system. For properties located within the city, the sanitary sewer improvement charge will be imposed and collected by special assessment or single

lot assessment levied in accordance with Chapter 13. Provided, that the city may choose to create a special assessment district or impose a single lot assessment and collect such assessment at the time of construction in advance of connection. If that is done, the sanitary sewer improvement charge at the time of connection shall be adjusted as provided in subsection 1:278(6) or (9), except that the improvement charge for the sanitary sewer improvements that is imposed at the time of a connection ~~during the period on or after July 1, 2013, through June 30, 2015~~ shall be calculated as provided in subsections 1:277(3) or 1:278(6) for connections made during that period of time.

### **1:277. - Construction by agreement.**

(1) The owner or owners of any parcel(s) of land within the city, may petition the public services area for the construction of any local public improvement, water main improvement or sanitary sewer improvement to serve that land where the cost of such construction is to be privately financed. For the purposes of Chapter 12, the land served and the development on the land served are referred to individually or collectively as the "benefited development." The public services area administrator is authorized to furnish such owner or owners of land with estimates of the cost of such construction or any part thereof, if performed by the city. Every such petition shall be in writing and shall indicate whether the petitioners desire to construct such facilities themselves or to contract with the city to perform such work. Whenever any person or persons shall be authorized to install any local public improvement privately, he shall file a bond in an amount to be specified by the public services area administrator and in a form to be approved by the city attorney, conditioned on the prompt completion of the work and the observance of all provisions of this Code and regulations of the city pertaining thereto, and the payment of the expense to the city in connection therewith. If any bond shall be required by any other provisions of this Code pertaining to such construction, the bond herein required, if also conditioned as required by each such other provision of this Code, shall be in lieu of any such other bond or bonds.

(2) For water main improvements and sanitary sewer improvements that are privately financed and constructed and dedicated to the city as provided in this section 1:277, water main improvement charges and sanitary sewer improvement charges will be imposed on each property within the benefited development at the time of connection by the property to the public water system or public sanitary sewer system as set forth in this section 1:277

- A. The owner or owners must agree that upon completion of construction of the water main or sanitary sewer improvement, the improvement shall be dedicated to the city.
- B. The city will accept the improvement on the following conditions:
  - 1. The city determines that the improvement has been built in accordance with city standards to the satisfaction of the city.

2. The owner or owners provide the city with the documented costs for each improvement. For purposes of this paragraph, "costs" shall mean the costs of design, permitting and construction (e.g., materials, labor, inspection, testing, as-building). For purposes of the allocation of charges to the properties or units within the benefited development, these costs shall be the facilities costs that are divided and allocated in accordance with section 1:274,
3. The owner or owners confirm with the city the number of properties or units within the benefited development that are intended to be served by each improvement or dedicated segment thereof.

(3) Except as otherwise provided in subsections 1:277(6), below, at the time of connection of a residential unit to a water main improvement or a sanitary sewer improvement, the owner or owners, or the purchaser of the property, shall pay the city the applicable improvement charge fixed charges per connection for the water main improvements and the sanitary sewer improvements in effect at the time of connection for water and for sanitary sewer, respectively, as provided for in Chapter 12 of the Ann Arbor City Code, including the annual adjustments thereto. However, for a connection made ~~during the period on or after~~ July 1, 2013, ~~through June 30, 2015,~~ the charge at the time of connection shall be calculated as the lesser of the calculation provided in subsection 1:277(6), or the following calculation:

$$\text{Improvement Charge} = (N)(4)(Y)(CC)$$

For purposes of the above calculation, and as provided in section 1:277(5),

N = the year of connection minus the year the construction of the water or sanitary sewer line or main to which the property is connecting was begun

Y = 19 (the calculated mean quarterly water usage for a similar sized residential meter ~~during the period starting~~ July 1, 2013, ~~through June 30, 2015~~)

CC = the amount of the capital repair cost included in the per unit commodity charge in effect for water or for sanitary sewer at the time of connection.

(4) That, except as otherwise provided in subsections 1:277(7), below, at the time of connection by a unit within the benefited development other than a residential unit to the water and sanitary sewer facilities, the owner or owners, or the purchaser of the unit shall pay the city the allocated improvement charges for the water main improvements and the sanitary sewer improvements at the time of connection for water and for sanitary sewer, respectively, as provided for in Chapter 12. For purposes of this section, each such charge is referred to as the "allocated improvement charge." The initial amount of the allocated improvement charge shall be established as the per-unit documented costs, based on an allocation among units within the benefited

development. Thereafter, as provided for in subsection 1:278(3), the allocated improvement charges will be adjusted annually on or after January 1 of each year using the most recently published Handy-Whitman Index for "Distribution Plant Mains, Average All Types" for water main improvements and using the most recently published "Engineering News Record-Construction Cost Index" for sanitary sewer improvements. If the number or type of units to be served within the benefited development changes from the number and type used for the initial allocation, the allocated improvement charge will be recalculated accordingly and brought forward by the annual adjustments.

(5) For purposes of the calculations required in subsections 1:277(3), (6), (7) and (12), and 1:278(8), the following definitions apply:

- A. "AMC<sub>c</sub>" means the non-residential applied meter calculation in the year of connection, based on the annual water use and return sewer flow as calculated in the city's published methodology for sanitary sewer mitigation for un-peaked flows and application of the city's rate schedule for the customer class of the unit less the system unit avoided cost.
- B. "AMC<sub>r</sub>" means the residential applied meter calculation in the year of connection by size, calculated as follows:

$$\text{AMC}_r = 4 \text{ times (calculated bill for mean quarterly usage Y - system unit avoided cost times Y);}$$

The residential applied meter calculation shall be applied only to connections for residential units.

- C. The AMC<sub>r</sub> by meter size will be calculated for the calendar year and will be based on the fiscal year ending the prior June 30. The AMC<sub>r</sub> by meter size will be determined by the city by January 10 of each year and made available upon request.
- D. "IC<sub>c</sub>" means the calculated improvement charge for a unit within a benefited development upon the date of connection by the unit during the first 10 years after the date of acceptance by the city of the dedication of the facilities in question (water or sanitary sewer), or after the date of acceptance by the city of the dedication of an identified portion of the facilities in question (water or sanitary sewer).
- E. "IC<sub>r</sub>" means the IC<sub>i</sub> cost forwarded by the appropriate escalation method (Handy-Whitman Index for "Distribution Plant Mains, Average All Types" for water main improvements and "Engineering News Record-Construction Cost Index" for sanitary sewer improvements).
- F. "IC<sub>i</sub>" means the improvement charge established initially for a unit within the development at the time of construction; provided, that if the number of units

to be served within the development changes from the initial calculation, the  $IC_i$  will be recalculated, based on the change in the number of units. For residential units, the  $IC_i$  is the applicable improvement charge fixed charge in effect on the date the water or sanitary sewer facilities to which connection is made were dedicated to and accepted by the city.

- G. " $IC_{oc}$ " means the calculated improvement charge for a non-residential unit that (i) is outside a benefited development upon the date of connection by the unit to water main or sanitary sewer system improvements built in accordance with section 1:277, or (ii) is not a served property but is connecting to water main or sanitary sewer system improvements constructed by the city as provided in subsection 1:278(8).
- H. "System unit avoided cost" for the water system means the cost per 100 cubic feet of processing and delivery of water; "system unit avoided cost" for the sanitary system means the cost per 100 cubic feet of collection and treatment of sewage.
- I. "X" means the number of years of applied escalation and is calculated as year of connection minus year of construction minus 2;
- J. "Y" means the calculated mean quarterly water usage for a similar sized residential meter. This mean usage is calculated based on the actual usages of all similarly sized residential meters in the systems. For the period [starting July 1, 2013, through June 30, 2015](#), Y shall equal 19.
- K. "N" means the year of connection minus the year the construction of the water or sanitary sewer line or main to which the property is connecting was begun, which equals the number of years since the year the construction of a water main or sanitary sewer improvement was begun that a property has not been paying capital repair costs to the city because it was vacant or was not connected to the water or sanitary sewer system for other reasons. If the year the construction was begun cannot be identified precisely, the year the construction was begun shall be deemed the last year of the decade in which the construction began, using the table of decades in paragraph B.1 of subsection 1:278(6).
- L. "CC" means the capital repair cost portion of the commodity charge for water or for sanitary sewer for a unit of water or sewage that is in effect at the time of connection. As used in this calculation, a "unit" is 100 cubic feet as provided in section 2:63(1) for water commodity charges and in section 2:64(1) for sanitary sewer commodity charges.

(6) That for a period of 10 years, or for a period of time agreed to by the city by written agreement approved by city council, after the date of acceptance by the city of the dedication of the water facilities or the sanitary sewer facilities, or after the date of

acceptance by the city of the dedication of an identified portion of the water or sanitary sewer facilities, in no event will the calculated improvement charge collected for a residential unit within a benefited development at the time of connection ( $IC_c$ ) exceed the lesser of either:

- A. the cost forwarded initial improvement charge ( $IC_f$ ), or
- B. the initial improvement charge ( $IC_i$ ), plus the residential applied meter calculation ( $AMCr$ ) multiplied by the number of years of applied escalation ( $X$ ),

from which the initial improvement charge ( $IC_i$ ) then is subtracted:

$$IC_c = \min(IC_f ; IC_i + X[AMCr]) - IC_i$$

Provided, that the calculated amount shall not be less than zero dollars.

(7) That for a period of 10 years, or for a period of time agreed to by the city by written agreement approved by city council, after the date of acceptance by the city of the dedication of the water facilities or the sanitary sewer facilities, or after the date of acceptance by the city of the dedication of an identified portion of the water or sanitary sewer facilities, in no event will the calculated improvement charge collected at the time of connection ( $IC_c$ ) for a parcel within a benefited development other than a residential unit exceed the lesser of either:

- A. the cost forwarded initial improvement charge ( $IC_f$ ), or
- B. the initial improvement charge ( $IC_i$ ), plus the non-residential applied meter calculation ( $AMC_c$ ) multiplied by the number of years of applied escalation ( $X$ ),

from which the initial improvement charge ( $IC_i$ ) then is subtracted:

$$IC_c = \min(IC_f ; IC_i + X[AMC_c]) - IC_i$$

Provided, that the calculated amount shall not be less than zero dollars.

(8) The foregoing calculations, including the subtraction of the initial improvement charge ( $IC_i$ ), recognize and take into account the owner or owners' costs and contribution to construct and install the water main or sanitary sewer improvement that is dedicated to the city and the city will not pay the owner or owners any additional compensation or reimbursement for the water main or sanitary sewer improvement.

(9) The city will not pay the owner or owners, and the owner or owners are not entitled to, any interest on construction costs.

(10) The owner's or owners' construction costs will not be brought forward or otherwise altered according to any index.

(11) The improvement charge calculations in subsections 1:277(6) and (7), above, will not apply to any property or unit that is connected to water or sanitary sewer more than 10 years after the dedication and acceptance by the city of the water main or sanitary sewer improvement or identified portion thereof to which the property or unit connects. At that time, the provisions in subsections 1:277(3) and (4), above, will govern the calculation of the applicable water main or sanitary sewer improvement charge.

(12) For a non-residential unit outside the benefited development that connects to a water main or sanitary sewer improvement or identified portion thereof that was built as provided in this section 1:277, the improvement charge shall be calculated as the non-residential applied meter calculation ( $AMC_c$ ) multiplied by the number of years of applied escalation (X):

$$IC_{oc} = (X+2)(AMC_c)$$

(13) For a residential property outside a benefited development that connects ~~during the period on or after~~ July 1, 2013 ~~through June 30, 2015~~, to a water main or sanitary sewer improvement or identified portion thereof that was built as provided in this section 1:277, including water main or sanitary sewer improvements constructed both before and after January 20, 2004, the improvement charge that is imposed at the time of connection shall be:

$$\text{Improvement Charge} = (N)(4)(Y)(CC)$$

For purposes of this calculation, "N," "Y" and "CC" shall have the same meaning as in subsections 1:277(3) and (5), and the value of Y shall be 19.

**1:278. - Water main and sanitary sewer improvement charges for properties newly connected to existing water or sanitary sewer mains; adjustment of water main and sanitary sewer improvement charges; properties newly annexed.**

(1) Reserved.

(2) Except as provided in section 1:278(5), and except as provided in 1:277(3), 1:277(13) and 1:278(6) for connections made ~~during the period on or after~~ July 1, 2013 ~~through June 30, 2015~~, the water main improvement charge and sanitary sewer improvement charge for a residential property will be the current fixed charge for such improvement as established pursuant to section 1:274, as adjusted in accordance with section 1:278(3), 1:278(4) or 1:277, and subject to offset if appropriate in accordance with section 1:278(6).

(3) All water main improvement charges and sanitary sewer improvement charges shall be adjusted to be brought current. Except as otherwise provided for connections made ~~during the period on or after~~ July 1, 2013 ~~through June 30, 2015~~, for water

main improvement charges, including water main improvement charge fixed charges, the charges will be adjusted annually on or after January 1 of each year using the most recently published Handy-Whitman Index for "Distribution Plant Mains, Average All Types." Except as otherwise provided for connections made ~~during the period on or after~~ July 1, 2013 ~~through June 30, 2015~~, for sanitary sewer improvement charges, including sanitary sewer improvement charge fixed charges, the charges will be adjusted annually on or after January 1 of each year using the most recently published "Engineering News Record-Construction Cost Index." The water main improvement charges, including water main improvement charge fixed charges, and the sanitary sewer improvement charges, including sanitary sewer improvement charge fixed charges, shall be subject to offset if appropriate in accordance with section 1:278(6).

- (4) Except as otherwise provided for connections made ~~during the period on or after~~ July 1, 2013 ~~through June 30, 2015~~, the water main and sanitary sewer improvement charges for residential water main and residential sanitary sewer improvement projects for which construction was begun before January 21, 2004, and for which the connection is made on or after May 15, 2005 or for which connection was made prior to May 15, 2005 but said water main and sanitary sewer improvement charges were not paid prior to May 15, 2005, shall be converted to the water main improvement charge fixed charges and to the sanitary sewer improvement charge fixed charges then in effect. Those fixed charges will be adjusted annually on or after January 1 of each year in the manner provided for in section 1:278(3), and shall be subject to offset if appropriate in accordance with section 1:278(6).
- (5) The water main and sanitary sewer improvement charges for residential water main and residential sanitary sewer improvement projects for which construction was begun before January 21, 2004, for which the connection was made prior to May 15, 2005, and for which the improvement charge either was paid prior to May 15, 2005, or was obligated by levy or agreement prior to May 15, 2005, to be paid in installments, are not subject to conversion.
- (6) Except as provided in subsections D and E for connections made ~~during the period on or after~~ July 1, 2013 ~~through June 30, 2015~~, for a residential parcel connecting for the first time to an existing water main or sanitary sewer improvement, the water main improvement charge fixed charge or sanitary sewer improvement charge fixed charge shall be calculated and adjusted as set forth below. This calculation and adjustment shall be done for all residential properties in this situation, regardless of whether the property was vacant at the time the water main or sanitary sewer improvement was constructed and remained vacant thereafter, was created as a vacant parcel by the split of a parcel on which a structure that is connected to the public water system or public sewer system is located, or is connected for the first time for some other reason.
  - A. The water main improvement charge fixed charge or the sanitary sewer improvement charge fixed charge in effect at the time of connection shall apply.



B. If construction of the water main or sanitary sewer improvement to which connection is being made was begun before January 21, 2004, and the property was in the city as of May 15, 2005, the following offset calculation shall be done, except that if connection is made on or before December 31, 2007, the offset shall be 100%:

1. The date the water main or sanitary sewer improvement was available for service shall be determined. For residential properties to which the water main improvement charge fixed charge or sanitary sewer improvement charge fixed charge is applied, the date of construction shall be identified by calendar decade as follows:

1900—1909
1910—1919
1920—1929
1930—1939
1940—1949
1950—1959
1960—1969
1970—1979
1980—1989
1990—1999
2000—January 20, 2004

2. Using the most recently published Handy-Whitman Index for "Distribution Plant Mains, Average All Types" for the water main improvements, and using the "Engineering News Record-Construction Cost Index" for the sanitary sewer improvements, an offset amount against the current water main or sanitary sewer improvement charge fixed charge shall be calculated by taking the current charge to the year of construction of the water main or sanitary sewer improvement. For water main and sanitary sewer improvements for which the date of construction is identified by decade, the calculation will take the charge to the last year of the decade. The amount of the offset will then be deducted from the current water main or sanitary sewer improvement charge fixed charge and the net amount will be the water main or sanitary sewer improvement charge that is due at the time of connection.
3. The amount of the offset for each of the decades of construction specified in paragraph 1:278(6)B.1 shall be calculated on an annual basis at the time of or immediately following the adjustment of amount of the fixed charges for residential properties as provided in subsection 1:278(3).

- C. Except as otherwise provided for connections made ~~during the period on or after July 1, 2013 through June 30, 2015~~, if construction of the water main or sanitary sewer improvement to which connection is being made was begun on or after January 21, 2004, and a water or sanitary sewer improvement charge, special assessment or single lot assessment was imposed on or assessed against the property (or against the unsplit property that was split to create the parcel) to finance the water main or sanitary sewer improvement, the following calculation shall be done:
1. The year in which the water main or sanitary sewer improvement was constructed shall be determined.
  2. Using the most recently published Handy-Whitman Index for "Distribution Plant Mains, Average All Types" for the water main improvements, and using the "Engineering News Record-Construction Cost Index" for the sanitary sewer improvements, an offset amount against the current water main or sanitary sewer improvement charge shall be calculated by taking the current fixed charge to the year of construction of the water main or sanitary sewer improvement. The amount of the offset will then be deducted from the current water main or sanitary sewer improvement charge fixed charge and the net amount will be the water main or sanitary sewer improvement charge that is due at the time of connection.
  3. The amount of the offset for each of year from 2004 forward shall be calculated on an annual basis at the time of or immediately following the adjustment of amount of the improvement charge fixed charges for residential properties as provided in section 1:278(3).
- D. For a residential unit connecting for the first time to an existing water main or sanitary sewer improvement ~~during the period on or after July 1, 2013 through June 30, 2015~~, when the water main or sanitary sewer improvement to which the connection is being made was constructed before January 21, 2004, the water main improvement charge or sanitary sewer improvement charge shall be calculated and adjusted as set forth below. This calculation and adjustment shall be used for all residential units in this situation, regardless of whether the property was vacant at the time the water main or sanitary sewer improvement was constructed and remained vacant thereafter, was created as a vacant parcel by the split of either a vacant parcel or a parcel on which a structure that is connected to the public water system or public sewer system is located, or the residential unit is connecting for the first time for some other reason.
1. For a residential unit on a parcel that has not previously paid an improvement charge or special assessment for the construction of the water main or sanitary sewer improvement to which the connection is being made, the calculation of the improvement charge shall be:

Improvement Charge = (N)(4)(Y)(CC) + original improvement charge or special assessment

For purposes of this calculation, “N,” “Y” and “CC” shall have the same meaning as in subsections 1:277(3) and (5), and the value of Y shall be 19.

If the year prior to January 21, 2004, that construction was begun cannot be identified precisely, the year construction was begun shall be deemed the last year of the decade in which the construction was begun, using the table of decades in subsection 1:278(6)B.1.

2. For a residential unit on a parcel that previously paid a water main or sanitary sewer improvement charge or special assessment for the cost of construction of the water main or sanitary sewer improvement to which the connection is being made, the calculation of the improvement charge shall be:

Improvement Charge = (N)(4)(Y)(CC)

For purposes of this calculation, “N,” “Y” and “CC” shall have the same meaning as in subsections 1:277(3) and (5), and the value of Y shall be 19.

3. For a residential parcel that was created by the split of a parcel, the calculation of the improvement charge shall be the same as in paragraph 1 if the parent parcel from which the connecting parcel has split has not previously paid a special assessment or improvement charge for the construction of the water main or sanitary sewer improvement to which the connection is being made.
  4. For a residential parcel that was created by the split of a parcel, the calculation of the improvement charge shall be the same as in paragraph 2 if the parent parcel from which the connecting parcel has split previously paid a special assessment or improvement charge for the construction of the water main or sanitary sewer improvement to which the connection is being made.
- E. For a residential unit connecting for the first time to an existing water main or sanitary sewer improvement during the period on or after July 1, 2013 through June 30, 2015, and the construction of the water main or sanitary sewer improvement to which the connection is being made was begun on or after January 21, 2004, the water main improvement charge shall be the Water Main Improvement Charge Fixed Charge in effect on the date of connection and the sanitary sewer improvement charge shall be the Sanitary Sewer Main Improvement Charge Fixed Charge in effect on the date of connection. The Fixed Charge Improvement Charge shall be used for all residential units in this

situation, regardless of whether the property connects to the water main or sanitary sewer improvement at the time of construction, was vacant at the time the water main or sanitary sewer improvement was constructed and remained vacant thereafter until the date of connection, was created as a vacant parcel by the split of either a vacant parcel or a parcel on which a structure that is connected to the public water system or public sewer system is located, or is connecting for the first time for some other reason.

- (7) For water main and sanitary sewer improvement projects constructed by the city that serve 1 or more non-residential properties, the city will identify at the time of construction all the properties served by the improvement, whether or not the properties connect at the time of connection. For the purposes of Chapter 12, the properties served and the developments on the properties served are referred to as a "served property" or as "served properties." The water main improvement charge and sanitary sewer improvement charge for each served property will be charged to the property at the time of connection in accordance with chapters 12, 13 and 27, provided that the city may choose to collect the water main improvement charge or sanitary sewer improvement charge at the time of construction of the improvement from a served property that is vacant or otherwise not connecting to the improvement by including the property in a special assessment district or by imposing the charge on the property by means of a single lot assessment at the time of construction of the improvement. The water main improvement charge or sanitary sewer improvement charge for a served property at the time of connection will be as established pursuant to section 1:274 and adjusted in accordance with section 1:278(3), and shall be subject to offset if appropriate as provided in section 1:278(9).
- (8) For a non-residential parcel connecting for the first time to an existing water main or sanitary sewer improvement, the water main improvement charge or sanitary sewer improvement charge shall be calculated and adjusted as set forth below. This calculation and adjustment shall be done for all non-residential properties in this situation, regardless of whether the property was vacant at the time the water main or sanitary sewer improvement was constructed and remained vacant thereafter, was created as a vacant parcel by the split of a parcel on which a structure that is connected to the public water system or public sewer system is located, or is connected for the first time for some other reason.
  - A. If the property is a served property for the improvement to which connection is made and did not pay a water main improvement charge or sanitary sewer improvement charge as part of a special assessment district or as a single lot assessment at the time the improvement was constructed, the water main improvement charge or sanitary sewer improvement charge at the time of connection will be as established pursuant to section 1:274 and adjusted in accordance with section 1:278(3).
  - B. If the property is a served property for the improvement to which connection is made and previously paid a water main improvement charge or sanitary sewer

improvement charge as part of a special assessment district or as a single lot assessment at the time the improvement was constructed, the water main improvement charge or sanitary sewer improvement charge at the time of connection will be as established pursuant to section 1:274 and adjusted in accordance with section 1:278(3), and shall be subject to offset if appropriate as provided in section 1:278(9).

- C. If the property is not a served property for an improvement constructed by the city and to which connection is made, and is not a property within a benefited development for which the improvement was constructed and to which connection is made, the connection charge shall be calculated as the non-residential applied meter calculation ( $AMC_c$ ) multiplied by the number of years of applied escalation (X):

$$IC_{oc} = (X+2)(AMC_c)$$

- (9) If a property is a served property for the improvement to which connection is made and previously paid a water main improvement charge or sanitary sewer improvement charge as part of a special assessment district or as a single lot assessment at the time the improvement was constructed, the water main improvement charge or sanitary sewer improvement charge at the time of connection will be subject to an offset, calculated and applied in accordance with this subsection. Using the most recently published Handy-Whitman Index for "Distribution Plant Mains, Average All Types" for the water main improvements, and using the "Engineering News Record-Construction Cost Index" for the sanitary sewer improvements, an offset amount against the current water main or sanitary sewer improvement charge shall be calculated by taking the current charge to the year of construction of the water main or sanitary sewer improvement. The amount of the offset will then be deducted from the current water main or sanitary sewer improvement charge and the net amount will be the water main or sanitary sewer improvement charge that is due at the time of connection.

- (10) If a parcel newly annexed to the city has previously connected to the city's water system or sanitary sewer system, has not paid the applicable water main or sanitary sewer improvement charges, and the owner or a prior owner has not entered into an agreement to pay the water main or sanitary sewer improvement charges, the amount of the water main and sanitary sewer improvement charges shall be levied against the parcel. If the water main improvement charge or if the sanitary sewer improvement charge for the parcel is not a water main improvement charge fixed charge or sanitary sewer improvement charge fixed charge, respectively, city council shall adopt a resolution determining the water main and sanitary sewer improvement charges to be levied. The resolution levying the improvement charges shall be promptly recorded in the office of the Register of Deeds of Washtenaw County, Michigan. The improvement charges shall become payable at a time to be fixed by council resolution, and the city council may, by resolution, permit the payment of said charges to be made in installments over a period as provided in section 1:275, or other period. City council shall determine the rate of interest to be

charged thereon, not to exceed 1% per annum above the average interest rate of any bonds issued to finance the improvements. If bonds were not issued to finance the improvements, the interest to be charged thereon shall not exceed 9% per annum. If the owner or a prior owner of the parcel entered into an agreement with the city prior to annexation for payment of the water main or sanitary sewer improvement charges, the balance still due under the agreement shall become a single lot assessment against the parcel as of the date of annexation and payments shall be made or continue to be made as provided for in the agreement until the date of annexation.

- (11) Said water main and sanitary sewer improvement charges, including any part thereof deferred as to payment, shall, from the date of the improvement charge resolution approved by city council, constitute a lien upon the respective lots or parcels of land annexed and until paid shall be a charge against the respective owners of the several lots and parcels of land. Such lien shall be of the same character and effect as the lien created for city taxes and shall include accrued interest and penalties. When any such improvement charge, or an installment thereof when divided into installments, shall have been due and unpaid for more than 30 days on the first day of September in any year, the same shall be reported by the treasurer to the assessor, and such amounts, together with a charge of 5% of the amount of the improvement charge or installment thereof, and unpaid interest shall be added to the December tax roll. If the owner of the lot or parcel entered into an agreement with the city prior to annexation for payment of the water main or sanitary sewer improvement charges, the lien created by that agreement shall continue until the date of annexation. On the date of annexation, the water main and sanitary sewer improvement charges shall become single lot assessments against the property and the lien shall be of the same character and effect as the lien created for city taxes and shall include accrued interest and penalties.

Section 2. That this ordinance shall take effect on the tenth day following legal publication.