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Title: An Ordinance to Amend and Replace Sections 1:271, 1:272, 1:273, 1:274, 1:275, 1:277, and 1:278 of Chapter 12 (Financing Local Public Improvements) of Title I, Sections 1:281, 1:282, 1:284, 1:286, 1:292, 1:293, 1:295, 1:299, 1:300 and 1:301 of Chapter 13 (Special Assessments) of Title I, Sections 2:21, 2:22b, 2:22c and 2:23 of Chapter 27 (Water Capital Recovery Charges) of Title II, and Sections 2:41.2f and 2:42.4 of Chapter 28 (Sanitary Sewer Capital Recovery Charges) of Title II of the Code of the City of Ann Arbor (Ordinance No. ORD-16-03)

Sponsors:

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Code sections:

Attachments: 1. 16-03 Chpts 12, 13, 27 & 28 amendments Briefed and Approved.pdf, 2. 16-03 Chpts 12, 13, 27 & 28 amendments Briefed.pdf, 3. Chpts 12, 13, 27 & 28 amendments.pdf, 4. Chpts 12, 13, 27 & 28 change comparison.pdf, 5. Memo to Mayor and Council_Capital Cost Study 3-8-16, 6. Chpts 27 & 28-amend choice of cost sections, 7. 16-03 Chpts 12, 13, 27 & 28 amendments Briefed and Approved.pdf

Date	Ver.	Action By	Action	Result
3/21/2016	1	City Council		
3/21/2016	1	City Council	Amended	Pass
3/21/2016	1	City Council	Adopted as Amended on Second Reading	Pass
3/10/2016	1	City Council	Held and Closed	
3/10/2016	1	City Council		
3/10/2016	1	City Council	Postponed at Second Reading	Pass
2/16/2016	1	City Council	Approved on First Reading	Pass

An Ordinance to Amend and Replace Sections 1:271, 1:272, 1:273, 1:274, 1:275, 1:277, and 1:278 of Chapter 12 (Financing Local Public Improvements) of Title I, Sections 1:281, 1:282, 1:284, 1:286, 1:292, 1:293, 1:295, 1:299, 1:300 and 1:301 of Chapter 13 (Special Assessments) of Title I, Sections 2:21, 2:22b, 2:22c and 2:23 of Chapter 27 (Water Capital Recovery Charges) of Title II, and Sections 2:41.2f and 2:42.4 of Chapter 28 (Sanitary Sewer Capital Recovery Charges) of Title II of the Code of the City of Ann Arbor (Ordinance No. ORD-16-03)

The purpose of the proposed code amendments is to provide an equitable, understandable, defensible cost recovery philosophy and charge structure for customers connecting to the City’s water main and/or sanitary sewer systems. Often called by different names (development fees, connection fees, system development charges, improvement charges, and capacity charges), utility capital cost recovery charges are one-time payments used to distribute the proportional share for capital improvements previously made that resulted in available capacity for future demand. The proposed charge structure is based on common industry standards and professional best practices

for establishing capital recovery charges.

In 2013, concerns were raised by City Council regarding the improvement charges being charged under Chapter 12 of City Code for new connections to the water and sanitary sewer systems. Although the underlying principle of those charges-to make sure appropriate costs are recovered from new customers so that current rate payers are not improperly burdened-were understood, the formula in effect at that time raised concerns about the dollar amounts calculated for these improvement charges. On June 3, 2013, City Council adopted an amendment to Chapter 12 (ORD-13-06) which amended the calculation of the water and sanitary improvement charges for properties connecting to City water mains or sanitary sewers. This code amendment was intended as an interim modification to allow time for the City to retain a consultant to review the City's fees and charges for connections to the water and sanitary sewer systems and make recommendations for revision.

On June 16, 2014, City Council authorized a professional services agreement with Black and Veatch to perform a water and wastewater system capital cost recovery study. Black and Veatch was selected for the study based on their industry-leading utility capital fee expertise and national experience with capital cost recovery solutions. The goal of the study was to establish an equitable, understandable, defensible cost recovery philosophy and fee structure for customers connecting to the City's water main and/or sanitary sewer systems.

At the February 9, 2015 City Council work session, the project team presented an overview of the study objectives along with the various fee methodology approaches used throughout the industry for establishing capital charges. The project team engaged the builder and development community throughout the course of the study. The final recommendations from the study were presented at a public meeting on March 18, 2015.

The final report containing the findings and recommendations was transmitted to City Council on August 7, 2015 (and can be found at www.a2gov.org/capitalcoststudy <<http://www.a2gov.org/capitalcoststudy>>). The proposed code revisions are necessary for adopting the recommendations from the study.

The proposed code changes include and accomplish the following:

- Utilizes a common industry standard approach for establishing capital recovery charges
- Charges are based on a recoupment (buy-in) approach that identifies the demand that new connections place on the City's water and sanitary sewer systems.
- Generally results in a lower capital recovery related charge for vacant infill lots when they are developed and connect to existing City utilities
- Results in a higher capital recovery charge for large demand customers (e.g., large water meters)
- Eliminates a sanitary capital recovery charge for new/enlarged fire service connections
- Provides credits in recognition of previously paid special assessments or related capital recovery charges
- Provides credits in recognition of costs borne by developers for utility system improvements

The capital recovery charges for connections to the city's water and sanitary sewer systems are moved to Chapters 27 and 28, respectively. The provisions in Chapters 27 and 28 for connection

charges are eliminated, and the provisions in Chapters 12 and 13 pertaining to improvement charges for connections to the city's water and sanitary sewer systems are modified to address water and sanitary sewer capital recovery charges. Other changes in Chapters 12 and 13 are to streamline for both staff and customers the process for collecting installment payments, to simplify the calculation of the interest rate charged, and for uniformity and clarity.

The nature and extent of the changes to the sections being amended would make them very difficult to read with track change markings. Therefore, for easier reading and clarity the amendments to and replacements of these sections are presented as clean text.

Prepared by: Abigail Elias, Chief Assistant City Attorney

Reviewed by: Craig Hupy, Public Services Area Administrator

Approved by: Tom Crawford, Interim City Administrator

ORDINANCE NO. ORD-16-03

First Reading: February 16, 2016

Approved: March 21, 2016

Public Hearing: March 10, 2016 &
March 21, 2016

Published: March 24, 2016
Effective: April 3, 2016

FINANCING LOCAL PUBLIC IMPROVEMENTS, SPECIAL ASSESSMENTS
WATER CAPITAL RECOVERY CHARGES AND
SANITARY SEWER CAPITAL RECOVERY CHARGES

AN ORDINANCE TO AMEND AND REPLACE SECTIONS 1:271, 1:272, 1:273, 1:274, 1:275, 1:277, AND 1:278 OF CHAPTER 12 (Financing Local Public Improvements) OF TITLE I, SECTIONS 1:281, 1:282, 1:284, 1:286, 1:292, 1:293, 1:295, 1:299, 1:300 AND 1:301 OF CHAPTER 13 (Special Assessments) OF TITLE I, SECTIONS 2:21, 2:22b, 2:22c AND 2:23 OF CHAPTER 27 (Water Capital Recovery Charges) OF TITLE II, AND SECTIONS 2:41.2f AND 2:42.4 OF CHAPTER 28 (Sanitary Sewer Capital Recovery Charges) OF TITLE II OF THE CODE OF THE CITY OF ANN ARBOR

The City of Ann Arbor ordains:

Section 1. That Sections 1:271, 1:272, 1:273, 1:274, 1:275, 1:277, and 1:278 of Chapter 12 of Title I of the Code of the City of Ann Arbor be amended and replaced to read as follows:

1:271. - Definitions.

Unless the context specifically indicates otherwise, the following terms and phrases used in this chapter shall have the meanings defined below.

- (1) "City sanitary sewer system" means the sanitary sewer mains, lift stations, equipment and other appurtenances owned, operated and maintained by the city for the collection, conveyance, *storage*, and treatment of sanitary sewage.

- (2) "City water supply system" shall have the meaning set forth in chapter 27.
- (3) "Interest" refers to the interest charged for special assessments and single lot assessments, which are calculated as follows:
 - (a) For special assessments for a local public improvement, the rate of interest to be charged thereon shall not exceed 1% per annum above the interest rate for the most recent limited general obligation bond issued.
 - (b) For sanitary sewer capital recovery charges or single lot assessments for sanitary sewer capital recovery charges, the rate of interest to be charged thereon shall not exceed 1% per annum above the interest rate for the most recent competitively sold and unsubsidized bond issued to finance similar sanitary sewer system improvements.
 - (c) For water capital recovery charges or single lot assessments for water capital recovery charges, the rate of interest to be charged thereon shall not exceed 1% per annum above the interest rate for the most recent competitively sold and unsubsidized bond issued to finance similar water supply system improvements.
- (4) "Local public improvement" means any initial public improvement conferring a special benefit on any parcel or parcels of land distinct from the benefit from such improvement to the city at large, including, by way of illustration but not limitation, sidewalks, storm sewers, street grading, graveling and paving, curbs, gutters and the like. "Local public improvement" does not include water supply system improvements and sanitary sewer system improvements.
- (5) "Local public improvement charge" means the charge for a local public improvement that is levied against a parcel that benefits from the improvement either at the time of the improvement or at the time the parcel annexes to the city.
- (6) "Sanitary sewer" shall have the meaning set forth in chapter 28.
- (7) "Sanitary sewer capital recovery charge" shall have the meaning set forth in chapter 28.
- (8) "Sidewalk" shall have the meaning set forth in chapter 49 relative to sidewalks.
- (9) "Storm sewer" shall have the meaning set forth in chapter 28.
- (10) "Street" shall mean that part of any street, alley or public thoroughfare open to the public for vehicular or pedestrian traffic.
- (11) "Water capital recovery charge" shall have the meaning set forth in chapter 27.

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 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 <../../../../Documents and Settings/abowden/Local Settings/Temp/level2/TITIAD_CH13SPAS.docx>](#), relative to special assessments or, if applicable, by local public improvement charges levied in accordance with [section 1:279 <../../../../Documents and Settings/abowden/Local Settings/Temp/level2/TITIAD_CH12FILOPUIM.docx>](#)
- (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 system improvements by a water capital recovery charge calculated as provided in chapter 27 and paid at the time of connection to the city water supply system. For properties located within the city, the water capital recovery charge will be imposed and collected in full at the time of connection or by single lot assessment levied in accordance with chapter 13.
- (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 system improvements by a sanitary sewer capital recovery charge calculated as provided in chapter 28 and paid at the time of connection to the city sanitary sewer system. For properties located within the city, the sanitary sewer

capital recovery charge will be imposed and collected in full at the time of connection or by single lot assessment levied in accordance with [Chapter 13 <../../../../../../../../Documents and Settings/abowden/Local Settings/Temp/level2/TITIAD_CH13SPAS.docx>](#).

1:273. - Petitions.

- (1) The owners of property within the city may apply to the City Council, by petition, for the construction of any local public improvement, water supply system improvement or sanitary sewer system improvement, which petition shall be submitted on forms approved by the City Administrator, and furnished by the City Clerk. The filing of any such petition shall be advisory only, and the city shall not be required to construct any improvement petitioned for, and the city may proceed to construct any local public improvement, water supply system improvement or sanitary sewer system improvement without a petition therefor having been filed.
- (2) As provided in section 1:277, any property owner may undertake the construction of a local public improvement, water supply system improvement or sanitary sewer system improvement, provided it is done in accordance with the provisions of this Code and pursuant to the terms of a written agreement with the city.

1:274. - Division of costs.

- (1) In the interest of uniformity, it is declared to be the policy of the city to require the owner of property specially benefiting to defray the cost of local public improvements in the manner provided in this section. For purposes of this chapter such costs are referred to as "facilities costs."
- (2) The cost of such local public improvement shall be divided as follows:

	Type of Improvement	City's Share	Facilities Costs
1.	Curb and gutters	None	100%
2.	Sidewalks	None	100%
3.	Storm sewers	The sum by which the cost of construction of the improvement exceeds the facilities costs.	(1) The cost of all lateral storm sewers, manholes, and extras within the district whether laid within streets, intersections, or on private property. (2) The proportional cost of storm sewers needed to service the district whether such storm sewers are to be constructed as a part of the public improvement or are already in existence and whether or not such storm sewers are within or outside the district, as determined by the city council.
4.	Street grading and graveling	None	100%
5.	Street paving	None	100%
6.	Street lights	None	100%

(3) In any case where the city council determines that the division of costs under subsection (2) does not accurately reflect the benefit to the city at large and the private benefit, such other division as shall be equitable may be adopted by the city council.

1:275. - Special assessment and single lot assessment for local public improvement charges; single lot assessments for water and sanitary sewer capital recovery charges; installment payments.

(1) It shall be the policy of the city to permit special assessments and single lot assessments for local public improvements, and single lot assessments for water capital recovery charges and sanitary sewer capital recovery charges to be paid in installments.

(2) When the City Council shall confirm any special assessment or single lot assessment for any local public improvement, or any single lot assessment for any water capital recovery charge or sanitary sewer capital recovery charge, it shall specify whether such assessment shall be payable in installments and if so payable, the number of installments. Unless otherwise specified by the City Council in the resolution confirming an assessment, the number of installments in which each assessment shall be payable is as follows, based on the calculated amount at the time of the assessment of all the special assessments and single lot assessments to the property for local public improvements listed in section 1:274, for water capital recovery charges calculated under chapter 27, and for sanitary sewer capital recovery charges calculated under chapter 28:

Total amount of special and single lot assessment(s)	Number of years for installments
Up to 1,200	1 year
Greater than \$1,200 up to \$2,400	2 years
Greater than \$2,400 up to \$3,600	3 years
Greater than \$3,600 up to \$4,800	4 years
Greater than \$4,800 up to \$6,000	5 years
Greater than \$6,000 up to \$7,200	6 years
Greater than \$7,200 up to \$8,400	7 years
Greater than \$8,400 up to \$9,600	8 years
Greater than \$9,600 up to \$10,800	9 years
Greater than \$10,800 up to \$12,000	10 years
Greater than \$12,000 up to \$13,200	11 years
Greater than \$13,200 up to \$14,400	12 years
Greater than \$14,400 up to \$15,600	13 years
Greater than \$15,600 up to \$16,800	14 years
Greater than \$16,800	15 years

(3) For local public improvements, city council shall determine the rate of interest to be charged thereon in accordance with section 1:271(3).

(4) For water and sanitary sewer capital recovery charges, city council shall determine the rate of

interest to be charged thereon in accordance with section 1:271(3).

- (5) The local public improvement charges provided for in section 1:279 for properties newly annexed to the city are payable in installments as set forth in subsection (2), above, unless otherwise specified by the City Council by resolution.
- (6) The water and sanitary sewer capital recovery charges provided for in sections 2:22b and 2:22c of chapter 27 and section 2:42.4 of chapter 28 are payable in installments as set forth in subsection (2), above; provided, that the City Council may, by resolution, approve a different number of installments for water and/or sanitary sewer capital recovery charges generally, or for a particular property.
- (7) Unless payment in installments in accordance with this section 1:275 is approved, special assessments, single lot assessments, local public improvement charges, water capital recovery charges, and sanitary sewer capital recovery charges shall become payable at a time to be fixed by council resolution.
- (8) Each resolution that levies a special assessment, single lot assessment, local public improvement charge, water capital recovery charge, or sanitary sewer capital recovery charge shall be promptly recorded in the office of the Register of Deeds of Washtenaw County, Michigan.

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 improvement or sanitary sewer improvement to serve that land where the cost of such construction is to be privately financed. 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 desire to have the city perform the 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) When water improvements and sanitary sewer improvements are privately financed and constructed and dedicated to the city as provided 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; and
 - B. The city will accept the improvement on the condition that the city determines the improvement has been built in accordance with city standards to the satisfaction of the city.
- (3) The city will not pay the owner or owners, and the owner or owners are not entitled to, any

interest on construction costs.

- (4) When the property of the owner or owners, or any other property, connects to water improvements or sanitary sewer improvements that are privately financed and constructed and dedicated to the city as provided in this section 1:277, the water capital recovery charges and sanitary sewer capital recovery charges will be calculated and imposed at the time of connection as provided in sections 2:22b and 2:22c of chapter 27 and section 2:42.4 of chapter 28.

1:278. - Water and sanitary sewer capital recovery charges for properties newly connected to existing water or sanitary sewer mains; properties newly annexed.

- (1) Water capital recovery charges will be calculated and imposed at the time of connection to the city water supply system as set forth in sections 2:22b and 2:22c of chapter 27, and sanitary sewer capital recovery charges will be calculated and imposed at the time of connection to the city sanitary sewer system as set forth in and section 2:42.4 of chapter 28. "Connection" shall have the same meaning as in chapters 27 and 28, and shall include new connections, additional connections and any increases in size for existing connections.
- (2) If a parcel newly annexed to the city has previously connected to the city water supply system or sanitary sewer system, but neither the owner nor a prior owner has paid water main or sanitary sewer improvement charges, or water or sanitary sewer capital recovery charges in full, or entered into an agreement to pay water main or sanitary sewer improvement charges, or water or sanitary sewer capital recovery charges, then water and sanitary sewer capital charges shall be levied against the parcel in the same manner as for a city parcel that newly connects to the city water supply system and/or sanitary sewer system. The amount of the water and sanitary sewer capital recovery charges to be levied shall be calculated in accordance with sections 2:22b and 2:22c of chapter 27 and section 2:42.4 of chapter 28
- (3) If a parcel newly annexed to the city has previously connected to the city water supply system or sanitary sewer system and the owner or a prior owner of the parcel entered into an agreement with the city prior to annexation for payment of water main or sanitary sewer improvement charges, or water or sanitary sewer capital recovery charges, the balance still due under the agreement shall be levied as a single lot assessment against the parcel as of the date of annexation and payments shall be made or continue to be made in the same manner and amounts as provided for in the agreement for payments prior to annexation.
- (4) Water main and sanitary sewer improvement charges, and water and sanitary sewer capital recovery charges due under an agreement entered into prior to annexation, including any part thereof deferred as to payment, shall, from the date of connection constitute a lien upon the respective lot or parcel of land so connected and until paid shall be a charge against the respective owner of the lot or parcel of land. The lien created by that agreement shall continue until the date of annexation. On the date of annexation, such water main and/or sanitary sewer improvement charges, or water and/or sanitary sewer capital recovery 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. Upon annexation, collection of payments, including interest and penalties, shall be in accordance with sections 1:295(2) and 1:299(2) of chapter 13.

Section 2. That Sections 1:281, 1:282, 1:284, 1:286, 1:292, 1:293, 1:295, 1:299, 1:300 and 1:301 of Chapter

13 of Title I of the Code of the City of Ann Arbor be amended and replaced to read as follows:

1:281. - Definitions.

Unless the context specifically indicates otherwise, the following terms and phrases used in this chapter shall have the meanings defined below.

- (1) "Cost" when referring to the cost of any local public improvement, shall include the cost of surveys, plans, land, rights-of-way, spreading of rolls, notices, advertising, financing and construction and all other costs incident to the making of the improvement, the special assessments therefor and the financing thereof.
- (2) "Local public improvement" means a local public improvement, as defined in section 2:171 of chapter 12, any part of the cost of which is to be assessed against one or more lots or parcels of land to be especially benefitted thereby, in proportion to the benefit to be derived therefrom.
- (4) "Sanitary sewer capital recovery charge" means a sanitary sewer capital recovery charge, as defined in section 2:171 of chapter 12.
- (5) "Tax parcel" means any property, real or personal, subject to property tax or special assessment under the laws of the State of Michigan or the City Code for the City of Ann Arbor.
- (6) "Water capital recovery charge" means a water capital recovery charge, as defined in section 2:171 of chapter 12.

1:282. - Council authority.

The City Council shall have power to determine that the whole or any part of the cost of any local public improvement shall be defrayed by special assessments or single lot assessments upon the property or properties especially benefitted, but the determination shall not be made until the preliminary proceedings provided for in section 1:284 shall have been completed.

1:284. - Preliminary proceedings.

- (1) Before the City Council determines to make any local public improvement for which any part of the cost is to be defrayed by special assessment or single lot assessment, the City Administrator shall prepare, or cause to be prepared, plans and specifications therefor and an estimate of the cost thereof, and file the same with the City Clerk together with the Administrator's recommendation as to what proportion of the cost should be paid by special assessment and what part, if any, should be a general obligation of the city, as provided in section 1:274 of chapter 12, the number of installments in which assessment may be paid and the land that should be included in the special assessment district.
- (2) After a report required by subsection (1) is filed with the Clerk, it shall be presented to the City Council and the report shall be available for public examination.
- (3) Whenever any land which should be included in the special assessment district for a local public improvement may not be assessed because it is owned by a public agency, a written agreement shall be reached whenever possible providing for the payment of the agency's benefiting share of the cost of the local public improvement. This agreement, or advice that

agreement cannot be reached, shall be presented to the Council prior to the adoption by Council of the resolution provided for by section 1:286 of this chapter.

1:286. - Council determination.

- (1) For local public improvements, after the report is presented to the City Council, the City Council may, by resolution, approve the plans and specifications and estimate the cost, determine to make the improvement and to defray the whole or any part of the cost of the improvement by special assessment upon the property especially benefited in proportion to the benefits to the property. By resolution the City Council shall approve the plans and specifications for the improvement; determine the estimated cost of it; determine what proportion of the cost shall be paid by special assessment or single lot assessment upon the property or properties especially benefited and what part, if any, shall be a general obligation of the city; designate the district or land and tax parcels upon which special assessments shall be levied; and direct the Assessor to prepare a special assessment roll in accordance with the City Council's determination.
- (2) For water supply system and sanitary sewer system improvements, the share of the cost to be paid by the properties connecting to the system shall be the water and sanitary sewer capital recovery charges calculated as provided in chapters 27 and 28 and paid by those properties at the time of connection or by single lot assessment levied at the time of connection.

1:292. - Assessing single lots or tax parcels.

- (1) Single lot assessments for expenses other than local public improvements, water supply system improvements and sanitary sewer system improvements Except for local public improvements, water supply system improvements and sanitary sewer system improvements, as defined in section 1:271 of chapter 12, when any expense shall have been incurred by the city upon or in respect to any single lot or tax parcel, which expense is chargeable against it and the owner of it under the provisions of the Charter, this Code, or law of the State of Michigan, an account of the labor, material or services for which the expense was incurred, verified by the Chief Financial Officer, with a description of the lot or tax parcel and the name of the owner, if known, shall be reported to the City Treasurer who shall immediately charge and bill the owner, if known. Notwithstanding the foregoing exception for local public improvements, assessments for the construction, rebuilding and/or repair of sidewalks shall be levied under the provisions of this subsection when done by the city under the provisions of Chapter 49. The bill shall be sent by first class mail to the owner of the lot or tax parcel with respect to which the expense was incurred by the city.

The City Chief Financial Officer or designee shall from time to time report to the City Council the unpaid charges for services furnished to or expense incurred for any premises which on the last day of the month preceding the date of the report to the City Council have remained unpaid for a period of not less than 120 days. At the meeting the City Council shall adopt, in accordance with Section 10.4 of the Charter, a special assessment resolution covering each lot or tax parcel for which charges have not been paid in full. As many lot or tax parcels may be included in a single resolution as shall be convenient. Immediately after the adoption of the resolution, the City Clerk shall give notice of the lot or tax parcel owners. The notice shall be sent by first class mail to the last known addresses of the persons as shown on the assessment roll of the city, or by publication. The notice shall state the basis of the assessment, the amount, and shall give a reasonable time, not less than 30 days, within which payment shall be made to the Treasurer.

The notice shall include notice that failure to pay within the time set will result in a penalty of 10% of the amounts due. In all cases where payment is not made within the time set, the fact shall be reported by the City Treasurer to the City Assessor, who shall charge the amounts, together with a penalty of 10% of the amounts, against the persons or lots or tax parcels chargeable on the next tax roll. Charges so assessed shall be collected in the same manner as general city taxes.

- (2) Single lot assessments for local public improvements. When any expense shall have been incurred by the city for a local public improvement, as defined in section 1:271 of chapter 12, for which the expense benefits and is chargeable against a single lot or tax parcel under the provisions of the Charter, this Code, or law of the State of Michigan and is not of that class required to be pro-rated among several lots and tax parcels in a special assessment district, the City Treasurer shall immediately charge and bill the owner of the lot or tax parcel with respect to which the expense was incurred by the city. For local public improvements, the cost to be assessed against the single lot or tax parcel shall be calculated in accordance with sections 1:271 and 1:274 of chapter 12. The bill shall include notice to the owner that if the bill has not been paid in full when due, that the City Treasurer may seek City Council approval to place a special assessment upon the lot or tax parcel for the charges.

The City Council shall adopt, in accordance with Section 10.1 of the Charter, a special assessment resolution covering each lot or tax parcel for which charges have not been paid in full. Provided that assessments for the construction, rebuilding and/or repair of sidewalks when done by the city under the provisions of Chapter 49, relative to sidewalks, shall be levied under the provisions of subsection (1) of this section. Upon adoption of the resolution, the City Council may authorize installment payments as provided in section 1:275 of chapter 12, and if installment payments are authorized, shall determine the number of installments, and shall determine the rate of interest to be charged in accordance with section 1:271(3).

- (3) Single lot assessments for connection to the city water supply system or sanitary sewer system. When a property connects to, adds a connection to, or increases the size of its connection to the city water supply system or sanitary sewer system, the lot or tax parcel on which the connecting property is located shall pay the water or sanitary sewer capital recovery charge that has been calculated as provided in chapters 27 and 28. The City Council shall adopt a single lot assessment resolution for the lot or tax parcel of each connecting property for which water and/or sanitary sewer capital recovery charges have not been paid in full. Upon adoption of the resolution, the City Council may authorize installment payments as provided in section 1:275 of chapter 12, and if installment payments are authorized, shall determine the number of installments, and shall determine the rate of interest to be charged in accordance with section 1:271(3).

1:293. - General procedure inapplicable.

The single lot assessment resolution provided for in section 1:292(1) shall be treated as a special assessment roll and the adoption of the resolution shall correspond to the confirmation of a special assessment roll. The provisions of the preceding sections of this chapter with reference to special assessments generally and the proceedings necessary before making the improvements, shall not apply to assessments contemplated under section 1:292(1). Section 1:294 and the following sections of this chapter shall, however, be applicable to single lot or tax parcel assessments, except that the additional 5% penalty on unpaid installments as provided for in sections 1:297 and 1:299 shall not

apply to assessments authorized under section 1:292(1).

1:295. - Due date.

(1) Upon confirmation of any special assessment roll for a local public improvement, the Council shall determine the number of installments in which the assessments may be paid as provided in section 1:275 of chapter 12, the rate of interest to be charged in accordance with section 1:271(3), and the date when the interest shall commence. The due date of the first installment shall be the first July 1 after the Council resolution. The Treasurer shall give notice of the due date of the single lot assessment or of the first installment if divided into installments and shall collect that payment or first installment in the manner prescribed for taxes in Chapter 9 of the Charter. To collect the payment or first installment for a special assessment for a local public improvement, the City Treasurer shall have the same rights and remedies as provided in the Charter for the collection of taxes. If the special assessment is divided into more than one installment, the due dates and process for collection of the subsequent installments shall be as provided in section 1:299(1).

(2) Water capital recovery charges and sanitary sewer capital recovery charges shall be due when a property connects to the water system or sanitary sewer system. At the time of connection, the amount of the water and sanitary sewer capital recovery charges shall be the amounts then in effect under chapters 27 and 28, respectively, and any amounts not paid at the time of connection shall be levied as a single lot assessment on the lot or tax parcel on which the connecting property is located. For such single lot assessments, the Council shall determine the number of installments in which the assessments may be paid as provided in section 1:275 of chapter 12, the rate of interest to be charged in accordance with section 1:271(3), and the date when the interest shall commence. The due date of the first installment shall be the first July 1 after the Council's resolution. The Treasurer shall give notice of the due date of the single lot assessment or of the first installment if divided into installments and shall collect that payment or first installment in the manner prescribed for taxes in Chapter 9 of the Charter. To collect the payment or first installment for a single lot assessment for water and for sanitary sewer capital recovery charges, the City Treasurer shall have the same rights and remedies as provided in the Charter for the collection of taxes. If the single lot assessment is divided into more than one installment, the due dates and process for collection of the subsequent installments shall be as provided in section 1:299(2). **1:299. - Second and subsequent installments.**

(1) For special assessments for local public improvements, the second and subsequent installments shall be due and payable on the first day of July annually in each succeeding year following the year in which the first installment was due and payable, and shall be collected by the Treasurer from the original special assessment roll. The Treasurer shall give notice of the due date of each installment and shall collect each installment in the manner prescribed for taxes in Chapter 9 of the Charter. In addition to the principal amount of each annual installment, there shall be added to it and collected from the special assessment roll by the Treasurer as a part of each installment, the interest due on the entire unpaid balance of the special assessment computed to July first of the year in which the installment is due; provided, that when any annual installment shall have been prepaid, then there shall be due and payable on July first of such year only the interest upon the unpaid balance of the special assessment. In collecting each installment from the special assessment roll, the City Treasurer shall have the same rights and remedies as provided in the Charter for the collection of taxes.

(2) For single lot assessments for water capital recovery charges and sanitary sewer capital recovery charges, second and subsequent installments shall be due and payable on the first day of July annually in each succeeding year following the year in which the first installment was due and payable, and shall be collected by the Treasurer from the original single lot assessment. The Treasurer shall give notice of the due date of each installment, and shall collect each installment, in the manner prescribed for taxes in Chapter 9 of the Charter. In addition to the principal amount of each annual installment, there shall be added to it and collected for the single lot assessment by the Treasurer as a part of each installment, the interest due on the entire unpaid balance of the single lot assessment computed to July first of the year in which the installment is due; provided, that when any annual installment shall have been prepaid, then there shall be due and payable on July first of such year only the interest upon the unpaid balance of the single lot assessment. In collecting each installment for the single lot assessment, the City Treasurer shall have the same rights and remedies as provided in the Charter for the collection of taxes.

1:300. - Determining actual cost.

Upon completion of the local public improvement and payment of its cost, the City Administrator shall certify the total cost of the improvement to the City Council, together with the amount of the original roll for the local public improvement.

1:301. - Deficiency assessments and refunds.

Should the assessments in any special assessment roll, including the city's share, prove insufficient for any reason to pay the cost of the local public improvement for which they were made, then the City Council may make additional assessments against the city and the several lots and tax parcels within the special assessment district; and shall assess to each lot or tax parcel the relative portion of the whole sum to be levied against all the lands in the special assessment district as the benefit to each lot or tax parcel bears to the total benefits to all lots or tax parcels in the district; or the City Council may determine that the deficiency shall be paid by the city but the total amount assessed against any lot or tax parcel shall not exceed the value of the benefits received from the improvement. In the event the deficiency assessment to be levied against the benefiting lot or tax parcel as described above exceeds the original estimated cost by 15% or more, City Council shall order a public hearing with the notice of the hearing to be as described in section 1:289 of the chapter. The hearing shall be conducted upon the spread of the deficiency as determined by the final cost certified to City Council by the City Administrator as provided in section 1:300 of this chapter. Should the assessments levied prove to be more than necessary to defray the cost of the local public improvement, then the City Council may, by resolution, order the excess to be applied to the next unpaid installment of the special assessment against each lot or parcel. Any excess as to any lot or tax parcel of land which cannot be applied as described may be refunded in cash to the persons who are the record owners of the properties on the date of the passage of the resolution ordering the refund.

Section 3. That Sections 2:21, 2:22b, 2:22c, and 2:23 of Chapter 27 of Title II of the Code of the City of Ann Arbor be amended and replaced to read as follows:

2:21. - Definitions.

Unless the context specifically indicates otherwise, the following terms and phrases used in this

chapter shall have the meanings defined below.

- (1) "Administrator" means the Public Services Area Administrator or his or her designee, or other person designated by the City Administrator.
- (2) "City water supply system" means the water mains, pumps, equipment and other appurtenances owned, operated and maintained by the city for the transmission, treatment, storage, distribution and supply of potable water for domestic, commercial and fire protection uses.
- (3) "Cross connection" means a connection or arrangement of piping or appurtenances through which water of questionable quality, wastes, or other contaminants can enter the public water supply system.
- (4) "Curb stop" means the city owned valve at the end of the water service stub and outside of the premises, located within the right-of-way or easement area.
- (5) "Detector check meter" means a meter that is installed on a fire service line to indicate flow. Such meter will not measure how much flow there was, but will measure only that there has been flow. The only authorized flow through a fire service line is in the event of a test, provided notice to the city has been provided in advance, or in the event of a fire.
- (6) "Fire service line" shall mean a pipe connecting a property or premises to the water service stub at the curb stop solely for providing fire protection.
- (7) "Meter charge" means a fee that covers the costs of installation of a water meter with meter horn (if applicable).
- (8) "Newly connected to the city water system" means any connection of property to the city water supply system, including a fire service line connection, and includes both the installation of additional or increased sized meters and the connection of additional or larger fire service lines.
- (9) "Potable water" means water provided directly from the city water supply system where the premise(s) is connected to the city water supply system.
- (10) "Services area" means the public services area of the city.
- (11) "Size of the connection" means the diameter of the water service stub.
- (12) "Theft of water" means any use of water that is not authorized.
- (13) "Water capital recovery charge" means a fee that represents the allocated capital cost of capacity of the city water supply system that serves the connection of a parcel or unit to the city water supply system and is calculated as provided in sections 2:22b and 2:22c of this chapter.
- (14) "Water main" means that part of the city water supply system located within easements or streets and designed to supply 1 or more water service lines.
- (15) "Water service line" means a pipe connecting a property or premises to the water service stub at the curb stop.
- (16) "Water service stub" means that part of the city water supply system connecting the water main

to a point between the curb line and property line, or between the water main and the easement line, ending at and including the curb box and curb stop.

2:22b. - Water capital recovery charges, meter charges, and service stub installation charges due at time of connection.

A property newly connecting directly or indirectly to the city water supply system is required to pay water capital recovery charges, as calculated in this section. Premises on which a larger connection or additional connection(s) are installed shall be considered newly connected to the city water supply system. Water capital recovery charges not paid in full at the time of connection shall be levied against the property as a single lot assessment in accordance with Chapters 12, 13, and 27.

In addition to the charges provided in chapter 27, every premises newly connected to the city water supply system, including premises on which a larger connection or additional connection(s) are installed, also are required to pay sanitary sewer charges pursuant to chapter 28, provided that sewer charges will not be required when no sanitary sewer is available for the premises to connect to.

(1) Water capital recovery charges consist of a charge for capacity generating asset capital costs, which varies by meter size, and a charge for non-capacity generating asset capital costs, which is uniform. Water capital recovery charges are calculated as follows:

Meter Size	Capacity Generating Assets Charge	Non-Capacity Generating Assets Charge	Total Water Capital Recovery Charge
<i>Displacement Meters</i>			
0.62	\$5,054	\$220	\$5,274
0.75	\$5,054	\$220	\$5,274
1.00	\$8,424	\$220	\$8,644
1.50	\$16,848	\$220	\$17,068
2.00	\$26,957	\$220	\$27,177
<i>Magmeters</i>			
0.75	\$9,266	\$220	\$9,486
1.50	\$22,745	\$220	\$22,965
2.00	\$37,065	\$220	\$37,285
2.50	\$84,239	\$220	\$84,459
3.00	\$126,359	\$220	\$126,579
4.00	\$210,598	\$220	\$210,818
6.00	\$471,740	\$220	\$471,960
8.00	\$614,947	\$220	\$615,167
10.00	\$985,599	\$220	\$985,819
12.00	\$1,482,611	\$220	\$1,482,831

(2) The capacity generating assets charge component is reduced by a credit of 51% for the

following categories of properties:

- A. A parcel that is part of a development project for which the owner or developer constructed and dedicated to the city pursuant to an agreement with the city, an addition or enhancement to that portion of the city water supply system that serves the development and to which the parcel connects.

- B. A parcel that was part of the city before 2004, or whose parent parcel was part of the city before 2004, and connects to an existing water main built before 2004.

- C. A parcel that connects to a water main first constructed by the city after December 31, 2014. Parcels in this category also will pay an extension charge component as provided in subsection (3).

Water capital recovery charges with the credit applied to reduce the capacity generating assets charge component are calculated as follows:

Meter Size	Capacity Generating Assets Charge with Credit	Non-Capacity Generating Assets Charge	Total Water Capital Recovery Charge with Credit
<i>Displacement Meters</i>			
0.62	\$2,476	\$220	\$2,696
0.75	\$2,476	\$220	\$2,696
1.00	\$4,128	\$220	\$4,348
1.50	\$8,255	\$220	\$8,475
2.00	\$13,208	\$220	\$13,428
<i>Magmeters</i>			
0.75	\$4,540	\$220	\$4,760
1.50	\$11,145	\$220	\$11,365
2.00	\$18,162	\$220	\$18,382
2.50	\$41,277	\$220	\$41,497
3.00	\$61,915	\$220	\$62,135
4.00	\$103,193	\$220	\$103,413
6.00	\$231,152	\$220	\$231,372
8.00	\$301,323	\$220	\$301,543
10.00	\$482,943	\$220	\$483,163
12.00	\$726,479	\$220	\$726,699

When a property increases the size of an existing connection to the city water supply system or replaces an existing connection with a larger connection, defined by the meter sizes, the new water capital recovery charge shall be the difference between the charge shown above for the existing meter size and the charge shown above for the new meter size. When a property decreases the size of an existing connection to the city water supply system or replaces an existing connection with a smaller connection, defined by the meter sizes, the city will not refund any prior improvement or connection charge.

- (3) The water capital recovery charge for a property newly connecting directly or indirectly to a water main first constructed by the city after December 31, 2014, shall also include an extension charge component, which will be uniform. Water capital recovery charges with the extension charge component and with the credit applied to reduce the capacity generating assets charge component are calculated as follows:., as follows:

Meter Size	Capacity Generating Assets Charge with Credit	Non-Capacity Generating Assets Charge	Extension Charge	Total Water Capital Recovery Charge with Credit
<i>Displacement Meters</i>				
0.62	\$2,476	\$220	\$18,275	\$20,971
0.75	\$2,476	\$220	\$18,275	\$20,971
1.00	\$4,128	\$220	\$18,275	\$22,623
1.50	\$8,255	\$220	\$18,275	\$26,750
2.00	\$13,208	\$220	\$18,275	\$31,703
<i>Magmeters</i>				
0.75	\$4,540	\$220	\$18,275	\$23,035
1.50	\$11,145	\$220	\$18,275	\$29,640
2.00	\$18,162	\$220	\$18,275	\$36,657
2.50	\$41,277	\$220	\$18,275	\$59,772
3.00	\$61,915	\$220	\$18,275	\$80,410
4.00	\$103,193	\$220	\$18,275	\$121,688
6.00	\$231,152	\$220	\$18,275	\$249,647
8.00	\$301,323	\$220	\$18,275	\$319,818
10.00	\$482,943	\$220	\$18,275	\$501,438
12.00	\$726,479	\$220	\$18,275	\$744,974

- (4) If a property connects to the city water supply system on or after [July 1, 2015](#)~~January 4, 2016~~, and before April 1, 2016, and has paid or been assessed water main improvement charges and/or connection charges at the time of that connection, the property owner shall be entitled to a refund of the difference between the sum of those charges and the applicable water capital recovery charge calculated in accordance with this section if it is less. [Provided, that if the property also connected to the city water supply system for fire service and/or to the city sanitary sewer system on or after July 1,](#)

[2015, and before April 1, 2016, the property owner must make the same choice of charges under this section 2:22b\(4\) for the connection to the city water supply system for domestic service, under section 2:22c\(4\) for the connection to the city water supply system for fire service, and under section 2:42.4\(5\) for the connection to the city sanitary sewer system.](#) If the property owner is paying installments, the installment payments will be adjusted accordingly.

(5) Water meters shall be sized according to the rules and regulations of the public services area to serve the premises adequately. Premises newly connected to the city water system shall pay an appropriate meter charge based on meter size. Meter charges shall be fixed by the public services area in accordance with regulations approved by the City Council and shall be not less than the cost of materials, equipment, labor and overhead attributable to such installation. Existing meters improperly sized according to the above regulations shall be replaced by the public services area and the appropriated meter charge shall be levied. Existing fire service lines that do not have a detector check meter installed shall have a detector check meter installed by and remain the property of the city.

(6) The installation costs that are required to be paid for installation of water service stubs shall be fixed by the public services area in accordance with regulations approved by the City Council and shall be not less than the cost of materials, equipment, labor and overhead attributable to such installation.

(7) Collection of payments, including interest and penalties, shall be in accordance with sections 1:295(2) and 1:299(2) of chapter 13.

2:22c. - Water capital recovery charges for fire service.

The water capital recovery charge for a fire service connection is calculated as 35.5% of the amounts calculated and provided for in section 2:22b(1) through (3), based on the meter size equivalent to the fire line pipe size. Sewer charges are not required for a fire service connection to the city water supply system.

(1) Water capital recovery charges for a fire service connection are calculated as follows:

Fire Line Tap Size (inches)	35.5% of Capacity Generating Assets Charge	35.5% of Non-Capacity Generating Assets Charge	Total Fire Service Water Capital Recovery Charge
0.75	\$3,289	\$78	\$3,367
1.00	\$3,289	\$78	\$3,367
1.50	\$8,074	\$78	\$8,152
2.00	\$13,158	\$78	\$13,236
2.50	\$29,905	\$78	\$29,983

3.00	\$44,857	\$78	\$44,935
4.00	\$74,762	\$78	\$74,840
6.00	\$167,468	\$78	\$167,546
8.00	\$218,306	\$78	\$218,384
10.00	\$349,888	\$78	\$349,966
12.00	\$526,327	\$78	\$526,405

(2) For a fire service connection the capacity generating assets charge component is reduced by a credit of 51% before the 35.5% calculation is applied for the following category of properties:

- A. A parcel that is part of a development project for which the owner or developer constructed and dedicated to the city pursuant to an agreement with the city, an addition or enhancement to that portion of the city water supply system that serves the development and to which the parcel connects.

Water capital recovery charges for fire connections with the credit applied to reduce the capacity generating assets charge component and with the 35.5% calculation applied are calculated as follows:

Fire Line Tap Size (inches)	35.5% of Capacity Generating Assets Charge with Credit	35.5% of Non-Capacity Generating Assets Charge	Total Fire Service Water Capital Recovery Charge with Credit
0.75	\$1,612	\$78	\$1,690
1.00	\$1,612	\$78	\$1,690
1.50	\$3,956	\$78	\$4,034
2.00	\$6,447	\$78	\$6,525
2.50	\$14,653	\$78	\$14,731
3.00	\$21,980	\$78	\$22,058
4.00	\$36,633	\$78	\$36,711
6.00	\$82,059	\$78	\$82,137
8.00	\$106,970	\$78	\$107,048
10.00	\$171,445	\$78	\$171,523
12.00	\$257,900	\$78	\$257,978

When a property increases the size of an existing fire service connection to the city water supply system or replaces an existing fire service connection with a larger fire service connection, defined by the tap sizes, the water capital recovery charge for that larger or new fire service connection shall be the difference between the charge shown above for the existing fire line tap size and the charge shown above for the new fire line tap size. Credit will be provided only when a fire service connection increases the size of or replaces an existing fire service connection. Credit will not be provided when a fire service connection replaces a water connection that is not a fire service connection. When a property decreases

the size of an existing fire service connection to the city water supply system or replaces an existing fire service connection with a smaller fire service connection, defined by the tap sizes, the city will not refund any prior improvement or connection charge.

- (3) The water capital recovery charge for a fire service connection for a property newly connecting directly or indirectly to a water main first constructed by the city after December 31, 2014, shall also include 35.5% of the extension charge component provided for in section 2:22b(3), which will be uniform. Water capital recovery charges for fire service with the extension charge component and with the 35.5% calculation applied are calculated as follows:

Fire Line Tap Size (inches)	35.5% of Capacity Generating Assets Charge with Credit	35.5% of Non-Capacity Generating Assets Charge	35.5% of Extension Charge	Total Fire Service Water Capital Recovery Charge
0.75	\$1,612	\$78	\$6,488	\$8,178
1.00	\$1,612	\$78	\$6,488	\$8,178
1.50	\$3,956	\$78	\$6,488	\$10,522
2.00	\$6,447	\$78	\$6,488	\$13,013
2.50	\$14,653	\$78	\$6,488	\$21,219
3.00	\$21,980	\$78	\$6,488	\$28,546
4.00	\$36,633	\$78	\$6,488	\$43,199
6.00	\$82,059	\$78	\$6,488	\$88,625
8.00	\$106,970	\$78	\$6,488	\$113,536
10.00	\$171,445	\$78	\$6,488	\$178,011
12.00	\$257,900	\$78	\$6,488	\$264,466

- (4) If a property connects to the city water supply system for fire service on or after [July 1, 2015](#) [January 1, 2016](#), and before April 1, 2016, and has paid or been assessed water main improvement charges and/or connection charges at the time of that connection, the property owner shall be entitled to a refund of the difference between the sum of those charges and the applicable water capital recovery charge calculated in accordance with this section if it is less. [Provided, that if the property also connected to the city water supply system for domestic service and/or to the city sanitary sewer system on or after July 1, 2015, and before April 1, 2016, the property owner must make the same choice of charges under this section 2:22c\(4\) for the connection to the city water supply system for fire service, under section 2:22b\(4\) for the connection to the city water supply system for domestic service, and under section 2:42.4\(5\) for the connection to the city sanitary sewer system.](#) If the property owner is paying installments, the installment payments will be adjusted accordingly.
- (5) Collection of payments, including interest and penalties, shall be in accordance with sections 1:295(2) and 1:299(2) of chapter 13.

2:23. - Outside water service.

The city shall not furnish water to consumers outside city limits, except pursuant to agreements approved by the City Council. Such agreements may hereafter be approved in the following circumstances:

- (1) Where necessary to obtain a right-of-way agreement and where the customer agrees as a condition of receiving city water to annex when possible;
- (2) For governmental entities;
- (3) To eliminate a health hazard on an existing developed premises that cannot be annexed to the city because it is not currently contiguous to the city and where the customer agrees as a condition of receiving city water to annex when possible; or
- (4) Where the customer agrees, as a condition of receiving city water, (a) to petition for and complete annexation when possible, or (b) to petition for and complete annexation by a specified date, to pursue annexation with due diligence and, starting on the date specified in the agreement for when the petition for annexation must be completed, to pay the city a sum equal to the city tax rate as applied to the existing taxable value of the premises, due and payable on July 31 of each year until real property tax payments are due by addition to the city tax roll.

Such agreements shall require:

- (1) Water rates of not less than 2 times the rate for service in the city, provided that for governmental institutions the rate may be less than 2 times the city rate, but more than the city rate;
- (2) Payment by the customer of the water capital recovery charges specified in sections 2:22b and 2:22c of this chapter; and
- (3) That the water capital recovery charges in subsections (2) above shall be due and payable at the time of connection to the water system, that said capital recovery charges shall constitute a lien upon the property serviced, shall be a charge against the owner or owners of the serviced property until paid, and that said lien and charges shall include accrued interest and penalties.
- (4) City Council may permit the payment of said water capital recovery charges in installments as provided in section 1:275 of chapter 12.

Upon annexation of the serviced property to the city, the lien upon the serviced property shall become a lien of the same character and effect as the lien created for city taxes and shall include accrued interest and penalties. Upon annexation, 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 for payments prior to annexation.

Upon annexation, collection of payments, including interest and penalties, shall be in accordance with sections 1:295(2) and 1:299(2) of chapter 13.

Section 4. That Sections 2:41.2f and 2.42.4 of Chapter 28 of Title II of the Code of the City of Ann Arbor be

amended and replaced to read as follows:

2:41.2f. - Definitions.

Unless the context specifically indicates otherwise, the following terms and phrases used in this chapter shall have the meanings defined below.

- (1) "Sanitary sewer" means a sewer which carries wastewater and to which storm water and ground water are not intentionally admitted.
- (2) "Sanitary sewer capital recovery charge" means a fee that represents the allocated capital cost of capacity of the city sanitary sewer system that serves the connection of a parcel or unit to the city sanitary sewer system and is calculated as provided in section 2:42.4 of this chapter.
- (2) "Severe property damage" means substantial physical damage to property, damage to the treatment facilities of a user which causes them to become all or partially inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production.
- (3) "Sewer" means a pipe or conduit for carrying wastewater, storm water, or groundwater.
- (4) "Slug discharge" means a discharge of a non-routine, episodic nature, including, but not limited to, an accidental spill or a non-customary batch discharge.
- (5) "Source" means any building, structure, facility, vehicle, or installation from which there is or may be a discharge to the POTW.
- (6) "State director" means the Director of the Michigan Department of Environmental Quality or its successor.
- (7) "Storm sewer" means a sewer intended to carry only atmospheric precipitation, surface runoff, or water from footing drains, but not wastewater.
- (8) "Suspended solids - S.S." means solids that either float on the surface of, or are in suspension in, wastewater and which can be removed by standard laboratory filtering.
- (9) "Tap" means the act of providing a point for connection of a service by means of a tee, wye or saddle.
- (10) "TKN - Total Kjeldahl Nitrogen" means the measure of the total ammonia nitrogen present in wastewater after any organic nitrogen present has been converted to ammonia nitrogen under standard digestive procedures and expressed in milligrams per liter.
- (11) "Upset" means an exceptional incident in which there is unintentional and temporary non-compliance with categorical pretreatment standards or other limits applicable to the user because of factors beyond the reasonable control of the user. An upset does not include non-compliance to the extent caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventive maintenance, or careless or improper operation.

- (12) "U.S. EPA" means the United States Environmental Protection Agency or its successor.
- (13) "User" means a person who discharges into the POTW and a municipality whose collection system discharges into the POTW.
- (14) "Wastewater" means water discharged to the POTW by a user which may or may not contain other pollutants. This term does not include storm water or ground water.

Section 2.42.4. - Sanitary sewer capital recovery charges due at time of connection.

- (1) A property newly connecting directly or indirectly to the city sanitary sewer system is required to pay sanitary sewer capital recovery charges, as calculated in this section. Premises on which a larger connection or additional connection(s) are installed shall be considered newly connected to the city sanitary sewer system. Sanitary sewer capital recovery charges not paid in full at the time of connection shall be levied against the property as a single lot assessment in accordance with Chapters 12, 13, and 28.
- (2) Sanitary sewer capital recovery charges consist of a charge for capacity generating asset capital costs, which varies by meter size, and a charge for non-capacity generating asset capital costs, which is uniform. Sanitary sewer capital recovery charges are calculated as follows:

Water Meter Size	Capacity Generating Assets Charge	Non-Capacity Generating Assets Charge	Total Sanitary Sewer Capital Cost Recovery Charge
<i>Displacement Meters</i>			
0.62	\$6,587	\$120	\$6,707
0.75	\$6,587	\$120	\$6,707
1.00	\$10,978	\$120	\$11,098
1.50	\$21,956	\$120	\$22,076
2.00	\$35,130	\$120	\$35,250
3.00	\$96,608	\$120	\$96,728
4.00	\$153,694	\$120	\$153,814
<i>Magmeters</i>			
0.75	\$12,076	\$120	\$12,196
1.50	\$29,641	\$120	\$29,761
2.00	\$48,304	\$120	\$48,424
2.50	\$109,782	\$120	\$109,902
3.00	\$164,672	\$120	\$164,792
4.00	\$274,454	\$120	\$274,574
6.00	\$614,777	\$120	\$614,897
8.00	\$801,406	\$120	\$801,526
10.00	\$1,284,445	\$120	\$1,284,565
12.00	\$1,932,135	\$120	\$1,932,255

(3) The capacity generating assets charge component is reduced by a credit of 11% for the following categories of properties:

- A. A parcel that is part of a development project for which the owner or developer constructed and dedicated to the city, pursuant to an agreement with the city, an addition or enhancement to that portion of the city sanitary sewer system that serves the development and to which the parcel connects.
- B. A parcel that was part of the city before 2004, or whose parent parcel was part of the city before 2004, and connects to an existing sanitary sewer main built before 2004.
- C. A parcel that connects to a sanitary sewer main first constructed by the city after December 31, 2014. Parcels in this category also will pay an extension charge component as provided in subsection (4).

Sanitary sewer capital recovery charges with the credit applied to reduce the capacity generating assets charge component are calculated as follows:

Meter Size	Capacity Generating Assets Charge with Credit	Non-Capacity Generating Assets Charge	Total Sanitary Sewer Capital Recovery Charge with Credit
<i>Displacement Meters</i>			
0.62	\$5,862	\$120	\$5,982
0.75	\$5,862	\$120	\$5,982
1.00	\$9,770	\$120	\$9,890
1.50	\$19,541	\$120	\$19,661
2.00	\$31,266	\$120	\$31,386
3.00	\$85,981	\$120	\$86,101
4.00	\$136,788	\$120	\$136,908
<i>Magmeters</i>			
0.75	\$10,748	\$120	\$10,868
1.50	\$26,380	\$120	\$26,500
2.00	\$42,991	\$120	\$43,111
2.50	\$97,706	\$120	\$97,826
3.00	\$146,558	\$120	\$146,678
4.00	\$244,264	\$120	\$244,384
6.00	\$547,152	\$120	\$547,272
8.00	\$713,251	\$120	\$713,371
10.00	\$1,143,156	\$120	\$1,143,276
12.00	\$1,719,600	\$120	\$1,719,720

When a property increases the size of an existing connection to the city water supply system or replaces an existing connection with a larger connection, defined by the meter sizes, the new Sanitary Sewer Capital Recovery Charge shall be the difference between the charge shown above for the existing water meter size and the charge shown above for the new water meter size. When a property decreases the size of an existing connection to the city water supply system or replaces an existing connection with a smaller connection, defined by the meter sizes, the city will not refund any prior sanitary sewer improvement or connection charge, or any prior sanitary sewer capital recovery charge.

- (4) The sanitary sewer capital recovery charge for a property newly connecting directly or indirectly to a sanitary sewer main first constructed by the city after December 31, 2014, shall also include an extension charge component, which will be uniform. Sanitary sewer capital recovery charges with the extension charge component and with the credit applied to reduce the capacity generating assets charge component are calculated as follows:, as follows:

Meter Size	Capacity Generating Assets Charge with Credit	Non-Capacity Generating Assets Charge	Extension Charge	Total Sanitary Sewer Capital Recovery Charge with Credit
<i>Displacement Meters</i>				
0.62	\$5,862	\$120	\$19,972	\$25,954
0.75	\$5,862	\$120	\$19,972	\$25,954
1.00	\$9,770	\$120	\$19,972	\$29,862
1.50	\$19,541	\$120	\$19,972	\$39,633
2.00	\$31,266	\$120	\$19,972	\$51,358
3.00	\$85,981	\$120	\$19,972	\$106,073
4.00	\$136,788	\$120	\$19,972	\$156,880
<i>Magmeters</i>				
0.75	\$10,748	\$120	\$19,972	\$30,840
1.50	\$26,380	\$120	\$19,972	\$46,472
2.00	\$42,991	\$120	\$19,972	\$63,083
2.50	\$97,706	\$120	\$19,972	\$117,798
3.00	\$146,558	\$120	\$19,972	\$166,650
4.00	\$244,264	\$120	\$19,972	\$264,356
6.00	\$547,152	\$120	\$19,972	\$567,244
8.00	\$713,251	\$120	\$19,972	\$733,343
10.00	\$1,143,156	\$120	\$19,972	\$1,163,248
12.00	\$1,719,600	\$120	\$19,972	\$1,739,692

- (5) If a property connects to the city sanitary sewer supply system for fire service on or after [July](#)

1, 2015~~January 1, 2016~~, and before April 1, 2016, and has paid or been assessed water main improvement charges and/or connection charges at the time of that connection, the property owner shall be entitled to a refund of the difference between the sum of those charges and the applicable sanitary sewer capital recovery charge calculated in accordance with this section if it is less. Provided, that if the property also connected to the city water supply system for domestic service and/or to the city water supply system for fire service on or after July 1, 2015, and before April 1, 2016, the property owner must make the same choice of charges under this section 2:42.4(5) for the connection to the city sanitary system, under section 2:22b(4) for the connection to the city water supply system for domestic service, and under section 2:22c(4) for the connection to the city water supply system for fire service. If the property owner is paying installments, the installment payments will be adjusted accordingly.

- (6) The city shall not furnish sanitary sewer collection or wastewater treatment services to consumers outside city limits, except pursuant to agreements approved by the city council. Such agreements may hereafter be approved in the following circumstances:
- A. Where necessary to obtain a right-of-way;
 - B. For governmental entities;
 - C. To eliminate a health hazard on an existing developed premises which cannot be annexed to the city because it is not currently contiguous to the city and where the customer agrees as a condition of receiving city sanitary sewer collection and wastewater treatment services to annex when possible; or
 - D. Where the customer agrees, as a condition of receiving city sanitary sewer collection and wastewater treatment services, (a) to petition for and complete annexation when possible, or (b) agrees to petition for and complete annexation by a specified date, to pursue annexation with due diligence and, starting on the date specified in the agreement for when the petition for annexation must be completed, to pay the city a sum equal to the city tax rate as applied to the existing taxable value of the premises, due and payable on July 31 of each year until real property tax payments are due by addition to the city tax roll.

Such agreements shall require:

- A. Sewer rates of not less than 2 times the rate for service in the city, provided that for governmental institutions the rate may be less than 2 times the city rate, but more than the city rate;
- B. Payment by the customer of the sanitary sewer capital recovery charges specified in section 2:42.4 of this chapter; and
- C. That the capital recovery charges in subsections (2) shall be due and payable at the time of connection to the sanitary sewer system, that said capital recovery charges shall constitute a lien upon the property serviced, shall be a charge against the owner or owners of the serviced property until paid, and that said lien and charges shall include accrued interest and penalties.
- D. City Council may permit the payment of said sanitary sewer capital recovery charges in

installments as provided in section 1:275 of chapter 12.

Upon annexation of the serviced property to the city, the lien upon the serviced property shall become a lien of the same character and effect as the lien created for city taxes and shall include accrued interest and penalties. Upon annexation, 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 for payments prior to annexation.

- (7) Upon annexation, collection of payments, including interest and penalties, shall be in accordance with sections 1:295(2) and 1:299(2) of chapter 13.

Section 5. That this ordinance shall take effect on the tenth day following legal publication.

Approved as amended on March 21, 2016