



Legislation Details (With Text)

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**Title:** An Ordinance to Amend Sections 2:61 through 2:64, and 2:69, and to Repeal Section 2:73 of Chapter 29 (Change Water, Sewer, and Stormwater Rates) of Title II of the Code of the City of Ann Arbor (Ordinance No. ORD-18-12)

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. 18-12 Briefed and Approved.pdf, 2. 18-12 Water Sewer and Stormwater Rates Ordinance Briefed.pdf, 3. Chapter\_29\_W\_S\_SW\_Ordinance.pdf, 4. 18-12 Approval Notice.pdf

Date	Ver.	Action By	Action	Result
6/18/2018	1	City Council	Held and Closed	
6/18/2018	1	City Council	Adopted on Second Reading	Pass
5/21/2018	1	City Council	Held and Continued	
5/21/2018	1	City Council		
5/21/2018	1	City Council	Postponed at Second Reading	Pass
5/7/2018	1	City Council	Approved on First Reading	Pass

An Ordinance to Amend Sections 2:61 through 2:64, and 2:69, and to Repeal Section 2:73 of Chapter 29 (Change Water, Sewer, and Stormwater Rates) of Title II of the Code of the City of Ann Arbor (Ordinance No. ORD-18-12)

Your approval is requested to amend Sections 2:61 through 2:64, and 2:69, and to repeal Section 2:73 of Chapter 29 of Title II of the Code of the City of Ann Arbor to adjust water, sewer, and stormwater rates and charges. The structural and price adjustments for water and sewer are a result of a comprehensive cost of service and rate design study for water and sewer (2017). The rate adjustments for stormwater are based on a level of service study conducted for stormwater (2016).

The last water and sewer cost of study was conducted in 2003, and rates and other charges have been indexed annually since then, but no cost of service adjustments have been made since the last study. In 2017, the City retained Stantec Consulting Services to provide their expertise in utility engineering and financial services. In compliance with the requirement that rates and charges be based on the costs to provide the services, the available data regarding those services and costs were collected and analyzed. The data included the patterns of water and sewer service usage by customers, including data regarding different types of use by different categories of customers, along with data regarding the costs to provide those services. The review and analysis of the data, and the principle that charges must be based on the cost to provide service, resulted in the proposed changes to Chapter 29 regarding charges to rate classifications, and changes to charges for water and sewer services. Based on the analysis, the rates and other charges were adjusted to align with

the cost to serve each rate classification.

The study also included public feedback through focus groups and a public advisory committee, and a survey. The Environmental Commission also recommends adoption of the changes.

The recommended changes include updated nomenclature as well as structural changes to the rates and charges paid by customers. Terminology changes include changing “commercial” to “non-residential,” and the addition of a “multi-family” rate class.

The structural changes include the new multi-family rate class for properties with more than two dwelling units that formerly were classified as either commercial or residential, and the addition of a fourth tier to the inclining block rate structure for the two rate classes for residential customers. Tiers for the non-residential class were replaced with a uniform (flat) rate. The new multi-family rate also was established as a uniform rate, and the water only rate remains as a uniform rate. All of the foregoing decisions are based on the analysis of the data that were

Differences in the customer charges between commercial and residential customers were eliminated.

The impact of these increases on an average single-family residential customer is \$19.29 per quarter or \$77.16 per year, a net increase of 10.96%, if consumption is unchanged from last year. For the purpose of this comparison, the single-family bill is calculated with 18 units per quarter, is in the second tier for stormwater, and receives the 10% discount for payment on or before the due date.

Other language changes are made for clarity.

This ordinance will take effect on July 1, 2018.

Prepared by: Marti Praschan, Chief of Staff

Reviewed by: Craig Hupy, Public Services Area Administrator

Approved by: Howard S. Lazarus, City Administrator

ORDINANCE NO. ORD-18-12

First Reading:	May 7, 2018	Approved:	June 18, 2018
Public Hearing:	May 21, 2018	Published:	June 26, 2018
	June 18, 2018	Effective:	July 1, 2018

WATER, SEWER AND STORMWATER RATES

AN ORDINANCE TO AMEND SECTIONS 2:61 THROUGH 2:64, AND 2:69, AND TO REPEAL SECTION 2:73 OF CHAPTER 29 (Water, SEWER AND STORMWATER RATES) OF TITLE II OF THE CODE OF THE CITY OF ANN ARBOR

The City of Ann Arbor ordains:

Section 1. That Sections 2:61 through 2:64, and 2:69 of Chapter 29 of Title II of the Code of the City of Ann Arbor be amended to read as follows:

**2:61. - Definitions.**

Unless the context specifically indicates otherwise, the meanings of terms used in this chapter shall be as follows:

- (1) *Capital charge* shall mean charges levied to customers of the wastewater system and which are used to pay principal, interest and administrative costs of retiring the debt incurred for construction and/or capital improvements to the wastewater system. The capital charge shall be in addition to the user charge (including surcharges).
- (2) *Person* shall mean any individual, firm, association, public or private corporation or public agency or instrumentality.
- (3) *Premises* shall mean each lot or parcel of land, building or premises having any connection to the water distribution system of the city, or the sanitary sewer system of the city, or the stormwater system of the city.
- (4) *Customer charge* shall mean a monthly or quarterly base charge that recovers costs for billing, collection, customer service, and public involvement and public education activities.
- (5) *Residential 1 rate* shall mean the rate applied to the domestic meter usage for residential customers where 4 or fewer dwelling units are served off of the same meter.
- (6) *Residential 2 rate* shall mean the rate applied to the domestic meter usage for residential customers with both a domestic and a water only meter where 4 or fewer dwelling units are served off of the same meter.
- (7) *Multi-family residential customer* shall mean a residential customer where more than 4 dwelling units are served off of the same meter.
- (8) *Impervious area* means a surface area which is compacted or covered with material that is resistant to or impedes permeation by water, including but not limited to, most conventionally surfaced streets, roofs, sidewalks, patios, driveways, parking lots, and any other oiled, graveled, graded, or compacted surfaces.
- (9) *Property* means any land within the boundary of the City of Ann Arbor, both publicly and privately owned, including public and private rights-of-way, but excluding the Huron River.
- (10) *Peaking factor* shall mean a measure of the additional system capacity needed to deliver peak water volumes. The peaking factor is stated as the ratio of peak consumption to average consumption.
- (11) *Commercial 1 rate* shall mean the rate applied to the domestic meter usage for commercial customers and to multi-family residential customers with a peaking factor of no greater than 5.00.
- (12) *Commercial 2 rate* shall mean the rate applied to the domestic meter usage for commercial customers with a peaking factor of greater than 5.00 and no greater than 8.00 and to multi-family residential customers with a peaking factor greater than 5.00.
- (13) *Commercial 3 rate* shall mean the rate applied to the domestic meter usage for commercial customers with a peaking factor of greater than 8.00.
- (1) *Blowdown meter* means a meter attached that measures water that has been measured as water only flow by a water only meter or deduct meter, but is discharged to the sewer system. Blowdown

meters are used for water flow from cooling towers and similar applications.

- (2) Customer charge means a monthly or quarterly base charge that recovers costs for billing, collection, customer service, meter programs, public fire protection, and public involvement and public education activities.
- (3) Deduct meter means a meter that measures water has first been measured by the property's water meter, but is then diverted to water only use and not discharged into the sewer system.
- (4) Dwelling Unit means one or more rooms with a kitchen and sanitary facilities designed as a unit for occupancy by one family.
- (5) Family means an individual or group of individuals occupying a dwelling unit as a single housekeeping unit.
- (6) Fire service means water available through a fire service line for fire protection and used during a fire emergency only.
- (7) Impervious area means a surface area that is compacted or covered with material that is resistant to or impedes permeation by water, including but not limited to, most conventionally surfaced streets, roofs, sidewalks, patios, driveways, parking lots, and any other oiled, graveled, graded, or compacted surfaces.
- (8) Multi-family rate means the rate applied to the water usage for a residential customer where three or more dwelling units are served off the same water meter.
- (9) Non-residential rate means the rate applied to the water usage of customers served by meters that are not classified as residential 1, residential 2, multi-family, or water only meters.
- (10) Person means any individual, firm, association, public or private corporation or public agency or instrumentality.
- (11) Premises means each lot or parcel of land, building or premises having any connection to the water distribution system of the city, the sanitary sewer system of the city, or the stormwater system of the city.
- (12) Property means any land within the boundary of the City of Ann Arbor, both publicly and privately owned, including public and private rights-of-way, but excluding the Huron River.
- (13) Residential 1 rate means the rate that applies to the water usage through a single water meter that serves one or two dwelling units that do not have a water only meter.
- (14) Residential 2 rate means the rate that applies to the water usage through a single water meter that serves one or two dwelling units that also have a water only meter.
- (15) Water only rate means the rate applied to the water usage through a water only meter.
- (16) Definitions listed in Chapters 27, 28, 33, and 63 shall also apply to this chapter.

**2:62. - Basis of charges.**

Except for minimum charges that may be specified by ordinance, all water service shall be charged for on the basis of water consumed as determined by the meter installed in the premises of water or sewage disposal service customers by the city public services area. Except for minimum charges that may be specified by ordinance, all sanitary sewer service shall be charged for on the basis of water consumed, to the extent that such

consumption reflects the return of water to the sanitary sewers as herein provided. Except for minimum charges that may be specified by ordinance, all stormwater service shall be charged for on the basis of the impervious area of every property within the city. No free water service, sanitary sewer service or stormwater service shall be furnished to any person.

Consumption data utilized for rate analysis shall reflect a 12-month period of water usage. This 12-month period shall be established by the Public Services Area Administrator or his/her designee. Classification into commercial tiers is based on the peaking factor of the building, regardless of the number of meters in the building and may be adjusted quarterly if the customer experiences a significant event. A significant event shall be 1 or more of the following: (1) a change in size of the connection, (2) a change in meter size, (3) a change in the number of meters or (4) other comparable change. A request for reclassification shall be made in writing to the office of the Public Services Area Administrator. Such reclassification shall apply prospectively from the date of the request. In the absence of a written request, the Public Services Area Administrator may, but is not required to, reclassify a property prospectively based on a significant event. Commercial customers without 12 months of representative consumption data shall be placed in the commercial tier best representing "like" customers with similar peaking factors.

The procedures used for placing a multi-family residential customer into a commercial tier based on the peaking factor of the account and for adjustment of the classification shall be the same as for a commercial customer.

**2:63. - Water rates.**

- (1) The commodity charges for water service shall be as follows. The rates shown are per unit. One unit equals 100 cubic feet (1 CCF).

	<b>Residential 1</b>	<b>Residential 2</b>	<b>Water Only</b>
1-7 units	\$1.55	\$1.55	\$5.89
8-28 units	3.37	3.37	5.89
29-45 units	5.89	3.37	5.89
Over 45 units	5.89	3.37	5.89

	<b>Commercial 1 (including multi-family residential)</b>	<b>Commercial 2 (including multi-family residential)</b>	<b>Commercial 3</b>
All Units	\$3.81	\$7.26	\$12.44

	<b>Residential 1</b>	<b>Residential 2</b>
<u>1-9 units</u>	<u>\$1.77</u>	<u>\$1.77</u>

<u>10-18 units</u>	<u>2.83</u>	<u>2.83</u>
<u>19-36 units</u>	<u>6.57</u>	<u>2.83</u>
<u>Over 36 units</u>	<u>14.08</u>	<u>2.83</u>
	<u>Non-Residential</u>	<u>Multi-Family</u>
<u>All Units</u>	<u>\$3.83</u>	<u>\$2.13</u>
		<u>Water Only</u>
		<u>\$8.73</u>

**Commercial Customer Charge per Quarter**

<u>5/8" meter</u>	<u>\$12.90</u>
<u>3/4" meter</u>	<u>19.00</u>
<u>1" meter</u>	<u>30.30</u>
<u>1 1/2" meter</u>	<u>62.00</u>
<u>2" meter</u>	<u>97.00</u>
<u>3" meter</u>	<u>195.00</u>
<u>4" meter</u>	<u>308.00</u>
<u>6" meter</u>	<u>613.00</u>
<u>8" meter</u>	<u>1,225.00</u>
<u>10" meter</u>	<u>1,960.00</u>

(2) Customer charges per quarter for water shall be as follows, based on the size of the water meter, including water only and deduct meters, but excluding blowdown meters, or based on the size of a fire service line:

**Residential Customer Charge per Quarter**

<u>5/8" meter</u>	<u>\$20.89</u> <u>11.25</u>
<u>3/4" meter</u>	<u>22.43</u> <u>16.55</u>
<u>1" meter</u>	<u>25.26</u> <u>30.30</u>
<u>1 1/2" meter</u>	<u>33.09</u> <u>62.00</u>
<u>2" meter</u>	<u>41.90</u> <u>97.00</u>
<u>3" meter</u>	<u>88.47</u> <u>195.00</u>
<u>4" meter</u>	<u>115.48</u> <u>308.00</u>
<u>6" meter</u>	<u>176.75</u> <u>613.00</u>

<u>8" meter</u>	<u>257.21</u> <u>1,225.00</u>
<u>10" meter</u>	<u>343.11</u>

**Fire Service Charge per Quarter**

<u>1" service</u>	<u>\$34.82</u> <u>75.00</u>
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1½" service	34.8275.00
2" service	34.8275.00
3" service	34.8275.00
4" service	69.64150.00
6" service	69.64150.00
8" service	69.64150.00

(3) Charges for water for resale provided to Ann Arbor Township and Scio Township shall be as provided per the provisions of their respective agreements with the City of Ann Arbor.

(4) Customer charges for water only meters on premises where the customer pays Residential 2 water rates shall be applied only to water only meters installed on or after July 1, 2018.

**2:64. - Sewer rates.**

(1) The commodity charge for customers in Ann Arbor shall be \$5.194.58 per 100 cubic feet (1 CCF) of water flow, of which \$1.832.04 is a user charge for wastewater plant operation, maintenance and replacement, 4852 cents is a user charge for field operation and maintenance of the sewer system, 4953 cents is a user charge for system planning and administration and \$2.934.49 is applied toward a portion of capital expenditures. No commodity charge for sewer service will be charged based on water flow through a water only or deduct meter, or through a fire service line. Charges for sewer service provided to Ann Arbor Township, Pittsfield Township and Scio Township shall be as provided per the provisions of their respective wastewater treatment or sewer agreements with the City of Ann Arbor.

(2) Customer Charge charges Per per Quarterquarter for sewer shall be as follows, based on the size of the water meter, including blowdown meters but excluding deduct and water only meters:

5/8" meter	\$13.0911.25
¾" meter	13.4716.55

1" meter	13.9830.30
1½" meter	16.0162.00
2" meter	17.8497.00
3" meter	45.86195.00
4" meter	51.98308.00
6" meter	55.22613.00
8" meter	66.071,225.00
10" meter	70.741,225.00

**2:69. - Stormwater rates.**

(1) Except as provided in this section and Chapter 33, all property shall be subject to the stormwater

utility charge.

(2) *Stormwater Discharge Rate : Rate.* Each property shall be billed at a quarterly stormwater discharge rate of ~~\$678.81595.45~~ per acre multiplied by the representative impervious area of the property. The representative impervious area of the property shall be the measured impervious area, rounded to the nearest 0.0001 acre, of the portion of the property discharging to the city's stormwater system. ~~; except for single-family and two-family residential customers; properties and properties considered residential for storm and sewer. These Single-family and two-family residential properties~~

(3) Properties with a single-family dwelling, a two-family dwelling, or a single-family dwelling with an accessory dwelling unit, all as defined in Chapter 55, are grouped into the following categories for purposes of calculating stormwater charges based upon their measured and representative impervious area:

Single-Family and Two-Family Residential		
Measured Impervious Area	Representative Impervious Area	Quarterly Charge
Less than or equal to 2,187 square feet	0.03706 acres	<del>\$25.1622.07</del>
Greater than 2,187 square feet to 4,175 square feet	0.06486 acres	<del>44.0338.62</del>
Greater than 4,175 square feet to 7,110 square feet	0.11117 acres	<del>75.4666.20</del>
Greater than 7,110 square feet	0.19456 acres	<del>132.07115.85</del>

(34) *Customer Charge* . Each property shall be billed a customer charge of ~~\$3.993.91~~ per quarter.

(54) *Credits to Stormwater Discharge and Customer Charges.* The city shall offer the following credits per quarter to property owners fully satisfying pertinent criteria established in Chapter 33 and in regulations promulgated by the Administrator:

Single-Family and Two-Family Residential	Reduce Total Charge by
Rain barrels (1 or more)	<del>\$2.712.38</del>
Rain gardens/cisterns/dry wells	<del>5.624.93</del>
RiverSafe homes	<del>1.031.01</del>
Chapter 63-Compliant stormwater control	<del>14.9713.13</del>

Other Properties	Reduce Stormwater Discharge Rate by	Reduce Customer Charge by
Community Partners for Clean Streams	0.0%	25.83%
Chapter 63-Compliant Stormwater Control	28.87%	0.0%
Other Approved Stormwater Controls	8.17%	25.83%



(5) *Charges for Permitted Non-Stormwater Discharges* . The charges for non- stormwater discharges to the stormwater system that are permitted by the Public Services Area Administrator according to chapter 33, section 2:217, shall be \$~~1.401.23~~ per 1,000 gallons. If non-stormwater discharges to the stormwater system are controlled such that the discharges cease during periods of precipitation, then the above rate shall be multiplied by a factor of 0.3. For any month in which the user discharges into the stormwater system, there shall be a minimum bill for 100,000 gallons. Stormwater discharges exempt from discharge prohibitions under section 2:216(3) are not subject to this charge.

Section 2. That Section 2:73 of Chapter 29 of Title II of the Code of the City of Ann Arbor be repealed as follows:

**~~2:73. - Revision of sewer rates; notification. Reserved.~~**

~~An annual audit shall be prepared. Based on said audit, rates for sewage services shall be reviewed annually and revised as necessary to meet system expenses and to insure that all user classes pay their proportionate share of operation, maintenance and equipment replacement cost. Each user shall be notified annually, in conjunction with a regular bill, of the rate and portion of charges attributable to wastewater operation, maintenance and replacement services.~~

Section 3. That this ordinance shall take effect on July 1, 2018.

### CERTIFICATION

I hereby certify that the foregoing ordinance was adopted by the Council of the City of Ann Arbor, Michigan at its regular session of June 18, 2018.

(Date)

Jacqueline Beaudry, Ann Arbor City Clerk

Christopher Taylor, Mayor

I hereby certify that the foregoing ordinance received legal publication on the City Clerk's Webpage on June 26, 2018.

Jacqueline Beaudry, Ann Arbor City Clerk