



Legislation Text

File #: 08-0174, Version: 1

Resolution to Appropriate Water Supply Funds and Approve and Authorize an Increase in the Ann Arbor Housing Trust Fund to Assist Low-income Homeowners with Water Service Repairs (\$65,000.00)(8 Votes Required)

Attached for City Council review and approval is a resolution which would establish a program for low-income residents to assist with repairs to existing customer owned water service piping as necessary to comply with the City's conversion to an automated meter reading system. One Hundred percent conversion of water system metering to the automated technology is essential to eliminate spot meter reading and permit effective analysis of usage data for both operating and planning purposes.

Chapter 27, section 22.2(a) of the City's Code of Ordinances states that "The owner of any house, building or property that is used for human occupancy, employment, recreation, or other purposes, and abutting on any street, alley or right-of-way in which public water is available, is required at the owner's expense, to install and maintain suitable potable water facilities therein (as required by Michigan building code(s)) and, except as provided below, to connect the facilities directly to a City of Ann Arbor owned water main in accordance with the provisions of this Chapter,...".

The Public Service Area has nearly completed a citywide conversion to the automated meter reading system. Installation personnel have assessed the condition of existing household water services before installing the automated meters to make a reasonable determination that the customer's service will not leak or break as a result of the installation process. If the condition of the customer's service was deteriorated to the extent a new meter could not be installed, the homeowner was advised that they needed to repair their plumbing to accommodate the automated meter installation in accordance with the provision of code. Approximately 80 residential households have not been converted to automated meters due to the deteriorated condition of their water services. Based on conversations with these homeowners, we estimate that 25% - 50% are unable to afford the repairs due to financial hardship.

In the absence of a program to assist homeowners, completion of the AMR program is dependant on enforcement actions against a segment of our population that has few alternatives. Consistent with our business objectives to automate all meter reading and gain the advantage of the read data being available on all accounts daily for operating and planning purposes, assisting residents with addressing their service condition makes good business sense and is consistent with our human services values.

The cost to repair or replace the customer service piping can vary widely. Costs may range from something less than \$500.00 to \$5000.00 for a household, depending on the condition of the pipes and scope of work. We propose this program will provide 0%, deferred financing to owner-occupied households, repaid at the time of sale or transfer of the property. There will not be a cap on the amount of the loan because the owner will be repaying the loan. An initial investment of \$65,000.00 from the Water Supply Fund will be transferred from Public Services to the Office of Community Development's Ann Arbor Housing Trust Fund. The program will be monitored to determine if additional funds will be necessary. The funds are available in the approved 2008 Water Supply System Operating Budget, but must be transferred and reappropriated to the Ann Arbor Water Housing Trust Fund, where the program will be administered.

The maximum household income will be set at 80% of the Area Median Income, based on the high cost estimate to repair or replace the plumbing. The OCD will income-certify the applicants to determine eligibility. A mortgage on the property or other legal instrument will be used if the loan amount exceeds \$1,000.00. The revenue from the repayment of these loans will be transferred to the Water Supply System.

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Reviewed by: Jayne Miller, Community Services Area Administrator
Sue F. McCormick, Public Services Area Administrator
Approved by: Roger W. Fraser, City Administrator

RESOLUTION

Whereas, It is the intent of City Council to ensure that all City residents have safe and sanitary potable water;

Whereas, Section 2.22a of Chapter 27 of the Ann Arbor City Code requires building owners to install and maintain potable water facilities;

Whereas, It is the intent of City Council to ensure accurate and efficient water meter reading through automated meters and proper data for operating and planning purposes; and

Whereas, Low-income households with deteriorated plumbing may not be able to afford the cost of upgrading their plumbing to enable automatic meter reading equipment to be installed;

RESOLVED, That City Council approve a program for low-income owner-occupied households (80% AMI or less) to access 0% deferred financing to be repaid to the City at the time of sale or transfer of the property;

RESOLVED, That City Council approve the appropriation of \$65,000.00 from the Approved 2008 Operation and Maintenance Budget of the Water Supply System to the Ann Arbor Housing Trust Fund for funding of this program;

RESOLVED, That the funding for the program be available until expended without regard to fiscal year; and

RESOLVED, That the City Administrator, or his designee, is authorized to take necessary administrative actions and to execute any documents necessary to complete this transaction and to implement this resolution