



## Legislation Text

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**File #:** 11-0839, **Version:** 1

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Resolution to Authorize City Administrator to Execute Outside City Service Agreements and Payment Provisions for Commercial Parcels within the Envisioned Future Boundary of the City of Ann Arbor

Attached is a resolution for your consideration to implement current City Code provisions for Township parcels listed as commercial properties, not single or two family homes, in the boundary areas as defined by policy statements with neighboring Townships seeking City water and/or sanitary sewer service. This action authorizes administrative processing of utility service agreements, charges, and payment for these circumstances consistent with all current policies and Code provisions. City Code Sections 2:23 and 2:42.4 prohibit water and sewer services, respectively, to consumers outside City limits except pursuant to agreements with provisions as approved by City Council.

Staff is requesting administrative authorization due to the standard nature of the process, the time-consuming nature of the existing procedure and the delays inherent in the existing procedure. In 2007 City Council authorized the City Administrator to execute similar agreements for single- and two-family residential properties. Since that time, this delegation of authority has saved time in processing the agreements. Currently, a significant amount of staff time in several organizational areas including Public Services, Clerk's Office, City Attorney's Office and others is involved in preparation, handling and review of two agenda items for approval of these standard documents and provisions for each commercial property. Your approval will significantly reduce staff time and costs and standardize the process.

In addition to Code provisions, the following agreements are in place:

- "Policy Statement Between City of Ann Arbor and Ann Arbor Charter Township" dated January 17, 1994;
- "First Amendment to Policy Statement Between City of Ann Arbor and Ann Arbor Charter Township" dated October 22, 2004;
- "Promulgation of Annexation Policy (City of Ann Arbor - Scio Township)" dated June 29, 1979; and
- "City of Ann Arbor-Charter Township of Pittsfield Policy Statement" dated January 15, 1979.

The above agreements put into place the envisioned future boundaries for the City of Ann Arbor. As provided in these agreements, any township commercial property within that boundary area may request, for one reason or another, connection to water or sanitary sewer service and these agreements indicate that the City will be the jurisdiction to provide those services to these properties. See "Attachment A" for a list of current "commercial" (non-R1/R2) township parcels located in this area. It is possible that township parcels may split or

combine without City of Ann Arbor involvement and thus, in the future, some land may have parcel identifications other than shown on this list.

City Code Sections 2:23 and 2:42.4 allow City Council to permit the payment of improvement charges in installments over a 6-year period, or other period as recommended by staff, with interest not to exceed 9% per annum. Staff recommends payment in full of all water and sanitary sewer improvement charges for commercial properties. It is common that a newly-annexed property will not be on the City tax roll for over a year. If a parcel is not yet on the tax roll, we are unable to initiate an annual installment billing process until such time as they are added to the City's tax roll. We don't believe this would be a hardship in most cases.

Thus, the recommendation is to require payment in full at time of submittal of an outside city service agreement for water or sanitary sewer improvement charges. Payment of any and all other improvement charges outstanding (such as road, sidewalk, storm sewer) would be required at the time of annexation or within one (1) year after the agreement is entered into, whichever comes first. Any unique or extenuating circumstances will be reviewed on a case-by-case basis. If a payment plan is recommended, that plan will be submitted to City Council for approval.

It is recommended the City use banked FDD (footing drain disconnection) credits for developed commercial annexations. As required by Code, we will not permit existing commercial properties to deposit storm water into our sanitary sewer system by any method including, but not limited to, roof downspouts, floor drains, etc. In contrast, it is recommended that vacant commercial parcels adhere to the FDD policy.

The attached resolution approves and authorizes the City Administrator to execute outside city service agreements for water and sanitary sewer services for non-R1/R2 properties (commercial) within the envisioned future boundary, provided that the property otherwise complies with all applicable City Code requirements to receive such services; submits payment in full for all water, sanitary sewer, and all other outstanding improvement charges; and pays the Council-approved fee to cover the cost of recording the outside city service agreement at the Washtenaw County Register of Deeds (presently approved at \$40/agreement). Approval of the resolution is recommended.

Prepared by: Beverly J. Selvig, Management Assistant, Public Services

Reviewed by: Sue F. McCormick, Public Services Administrator

Approved by: Tom Crawford, Interim City Administrator

Whereas, City Code Sections 2:23 and 2:42.4 prohibit water and sewer services, respectively, to consumers outside City limits except pursuant to agreements with provisions as approved by City Council;

Whereas, The following agreements are in place:

- "Policy Statement Between City of Ann Arbor and Ann Arbor Charter Township" dated January 17, 1994;
- "First Amendment to Policy Statement Between City of Ann Arbor and Ann Arbor Charter Township" dated October 22, 2004;
- "Promulgation of Annexation Policy (City of Ann Arbor - Scio Township)" dated June 29, 1979; and
- "City of Ann Arbor-Charter Township of Pittsfield Policy Statement" dated January 15, 1979;

Whereas, Developed commercial properties, not subject to site-plan development, connecting to City sanitary sewer have a diminutive impact on the sanitary sewer system, the property owners will not be required to provide mitigation for developed commercial property after we ensure that the property does not allow storm water via downspouts, storm drains, or any other method to enter our sanitary sewer system;

Whereas, Vacant commercial properties, subject to the site-plan process, will be required to adhere to the City's footing drain disconnection policy;

Whereas, The City's water and sanitary sewer systems has the available capacity and are the only systems that can practically and reasonably furnish this service to the properties listed in "Attachment A (On file in the City Clerk's Office.);"

Whereas, The process and time required for each outside city service agreement to be presented to and approved by City Council is time consuming and inconsistent with the Customer Service objective of providing water and sanitary sewer service promptly when needed;

Whereas, Staff recommends that payment in full be made for water or sanitary sewer improvement charges with submission of a notarized outside city service agreement, including the council-approved fee to cover the cost of recording the agreement at the Washtenaw County Register of Deeds;

Whereas, Staff recommends that the city service agreement include the requirement that the property owner diligently pursue annexation and that payment be in full be made for any and all other outstanding improvement charges at the time of annexation or within one (1) year after the agreement is entered into, whichever comes first; and

Whereas, Council approval of this resolution would streamline the process;

RESOLVED, That City Council authorize water and/or sanitary sewer outside city service agreements with non-R1/R2, or commercial, Township parcels within the envisioned future boundary of the City of Ann Arbor as currently listed in "Attachment A" (On file in the City Clerk's Office.) to allow City water and sewer services to the property during the time it is still outside of the corporate city limits, provided that the property otherwise complies with all applicable City Code requirements to receive such services;

RESOLVED, That the property owner must first initiate annexation into the City of Ann Arbor and other requirements, that the owner of the subject property is to pay double the normal city utility rates for the service that the City is providing, and, unless otherwise provided by the aforementioned policy statements, pay to the City annually a sum equal to the City tax rate applied to the taxable valuation of the property being serviced, until the property is annexed into the City, as well as all other terms and provisions required by City Code;

RESOLVED, That the property owner be required to pay in full the applicable water and/or sanitary sewer improvement charges and other connection charges and fees, including the Council-approved fee to cover the recording costs for the outside city service agreement;

RESOLVED, That the property owner be required to pursue annexation diligently and be required to pay in full any and all other outstanding improvement charges at the time of annexation or within one (1) year after the outside city service agreement is entered into, whichever comes first;

RESOLVED, That the City Council authorize and direct the City Administrator to execute the outside city service agreements with commercial properties that are within the envisioned future boundary and listed, in current form, on Attachment A, and that otherwise comply with all applicable City Code requirements to receive such service, after approval as to substance by the Public Services Administrator and approval as to form by the City Attorney;

RESOLVED, That City Council authorize the City Administrator to take necessary administrative actions to implement this resolution; and

RESOLVED, That the Public Services Area promptly record each agreement in the office of the Register of Deeds of Washtenaw County, Michigan, and send an executed copy of the agreement to the owner.