



Legislation Text

File #: 11-1504, **Version:** 1

Resolution to Establish the Fixed Charges for the 2012 Water and Sanitary Sewer Improvement Charges

We recommend your approval of the attached resolution which establishes the 2012 water main and sanitary sewer improvement fixed charges as required by Section 1:274 of the City Code. These charges will also be used in construction of applicable special assessment projects.

The following charges are recommended for 2012:

- Water Main Improvement Fixed Charge: \$15,552.00 per residential unit served
- Sanitary Sewer Improvement Fixed Charge: \$24,665.00 per residential unit served

The previously established charges for 2011 were \$14,539.00 for water main and \$22,530.00 for sanitary sewer as established by Council on November 4, 2010 (R-10-0984).

The water main improvement fixed charge was determined by an average cost per unit for the ten most recent water main projects constructed by Public Service. The sanitary sewer improvement fixed charge was determined using the same method with the ten most recently constructed sanitary sewer projects.

Since 2011, the water main fixed charge increased by approximately 7% and the sanitary by approximately 9%. Three new projects were included in the calculation of the water main average and one new one was included in the sanitary average. One of the recently added projects (Bird/Newport/Warrington Utility Improvements) consisted of extending sewer and water main along long lot lines with fewer homes served. As a result, this project's per unit cost was relatively high and contributed to the increased fixed charge amounts of both water and sanitary.

The actual cost of each water main project was cost forwarded using the most recently available published index number (July 2010) from the Handy-Whitman Index for "Distribution Plant - Mains, Average All Types". The same method was used for determining the Sanitary Sewer Improvement Fixed Charge except that the 2010 average annual index number from the Engineering News Record Construction Cost Index was used to cost forward the project costs. Both indices increased by approximately 3% since last year.

Also attached for your reference is a table of credits used for the first time connection of vacant City single- and two-family parcels connecting to historic (pre-2004) water and sanitary mains (in accordance with Chapter 13 of the City Code).

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Reviewed by: Craig Hupy, Interim Public Services Area Administrator

Approved by: Steven D. Powers, City Administrator

Whereas, Section 1:274 of Title I of the Code of the City of Ann Arbor requires City Council to annually establish the fixed charges for Water Main Improvement Charge and the Sanitary Sewer Improvement Charge for residential water main and residential sanitary sewer; and

Whereas, The Public Services Department used the ten most recent projects built by the City in each category, cost forwarded, as a baseline to establish the fixed charges for 2012;

RESOLVED, That the City Council establish the 2012 Water Main Improvement Charge Fixed Charge to be \$15,552.00 per residential unit served;

RESOLVED, That the City Council establish the 2012 Sanitary Sewer Improvement Charge Fixed Charge to be \$24,665.00 per residential unit served; and

RESOLVED, That the City Administrator is authorized to take the necessary administrative actions to implement this resolution