



## Legislation Text

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**File #:** 18-1826, **Version:** 2

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An Ordinance to Amend Section 2:64 of Chapter 29 (Change Sewer Rates) of Title II of the Code of the City of Ann Arbor (Ordinance No. ORD-18-33)

Your approval is requested to amend Section 2:64 of Chapter 29 of Title II of the Code of the City of Ann Arbor to adjust sewer rates and charges. The rate adjustments for sewer are needed to maintain the fund's financial health given the recent completion of major capital work in the sanitary sewer fund.

In July 1, 2018, a new rate structure was put into place based on a Cost of Service Study to align rates with the cost to serve each customer class. To give customers an opportunity to adjust to the new structure, rate increases were postponed until January 2019 in both the water and sewer fund. Subsequently, the Legislation, R-18-499, "Resolution Directing the City Administrator to Develop and Present to Council by March 31, 2019 a List of Feasible Alternatives to Revise the Recently-Adopted Water Rate Re-structuring Ordinance to Mitigate the Adverse Impacts of the Ordinance on Single-Family Residential Customers" has been passed. Given the timing and review resolved in R-18-499, the Water Supply System Fund revenue requirement has been postponed, and Staff will propose capital and operating expenditure reductions until a review of the water rate structure has been completed.

The sewer rate changes represent an overall revenue requirement rate increase of 7% in the sanitary sewer system to all customer classifications.

The impact of these increases on an average single-family residential customer's utility bill is \$6.66 per quarter or \$26.64 per year, an effective rate increase of 3.41%, if consumption remains the same. For the purpose of this comparison, the single-family bill is calculated with 18 units per quarter and receives the 10% discount for payment on or before the due date.

Other changes include the numbering of subsections and edits for consistent sentence structure for the operative parts of subsections.

This ordinance will take effect on January 1, 2019 or ten (10) business days following the amendment date.

Note: This ordinance amendment was separated by City Council on January 7, 2019 to include two separate ordinances for Section 2:63 and 2:64.

Submitted by: Marti Praschan, Public Services Chief of Staff

Reviewed by: Craig Hupy, Public Services Administrator

Approved by: Howard S. Lazarus, City Administrator

ORDINANCE NO. ORD-18-33

First Reading: January 7, 2019

Public Hearing: January 22, 2019

Approved: January 22, 2019

Published: January 24, 2019

Effective: February 3, 2019

### WATER, SEWER AND STORMWATER RATES

#### AN ORDINANCE TO AMEND SECTION 2:64 OF CHAPTER 29 (Sewer Rates) OF TITLE II OF THE CODE OF THE CITY OF ANN ARBOR

The City of Ann Arbor ordains:

Section 1. That Section 2:64 of Chapter 29 of Title II of the Code of the City of Ann Arbor be amended to read as follows:

2:64. - Sewer rates.

(1) The commodity charge for customers in Ann Arbor is \$5.55 per 100 cubic feet (CCF) of water flow, of which \$1.32 is a user charge for wastewater plant operation, maintenance and replacement, 26 cents is a user charge for field

operation and maintenance of the sewer system, 57 cents is a user charge for system planning and administration, and \$3.40 is applied toward a portion of capital expenditures and debt on prior capital expenditures. 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 charges per quarter are as follows.

5/8" meter  
\$14.01  
3/4" meter  
14.41  
1" meter  
14.96  
1 1/2" meter  
17.13  
2" meter  
19.09  
3" meter  
49.07  
4" meter  
55.62  
6" meter  
59.09  
8" meter  
70.69  
10" meter  
75.69

Section 2. That this ordinance shall take effect ten days after legal publication.

#### 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 January 22, 2019.

(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 January 24, 2019.

Jacqueline Beaudry, Ann Arbor City Clerk