



Legislation Text

File #: 22-0592, **Version:** 1

An Ordinance to Amend Section 2:63 of Chapter 29 (Water Rates) of Title II of the Code of the City of Ann Arbor (ORD-22-07)

Your approval is requested to amend Section 2:63 of Chapter 29 of Title II of the Code of the City of Ann Arbor to increase water fees for upcoming operating and capital needs consistent with the City's Cost of Service Study, Capital Improvement Plan, and Water Asset Management Plan.

The City manages an extensive water system consisting of approximately 500 miles of pipes, 7055 water valves, 3,688 fire hydrants, 2 co-located water plants, 3 belowground water storage, 2 elevated storage, 1 on ground storage facility totaling 19 million gallons, 4 water pump stations, one well field, and one dam. The City's water system provides essential services within the community by providing safe and reliable drinking water.

The proposed water rate increase ordinance is the result of the City's annual budget process including an updated analysis of the water system's annual and projected multi-year revenue requirements to ensure sufficient funds for operations, maintenance, repairs, and replacements and to meet capital investment plans and other financial requirements. The revenue requirements incorporate a detailed analysis of operations and maintenance costs, enhanced State and Federal regulatory requirements, level of service expectations, customer growth, required levels of operating and debt service reserves, capital funding sources, earnings on invested funds, and planned and required escalation of rates for operating costs. In short, the proposed water rate increase will generate additional funds needed to meet the system's annual and multi-year revenue requirements for operations and capital improvements.

The City has identified more than \$288 Million in potential projects to improve the City's water system in the coming years. The City's five-year capital improvement plan contains \$196.6 Million in projects for the water system with an estimated annual revenue requirement for operations and capital investments of \$33 Million.

City Customers are billed in conjunction with the sewer and stormwater utility. The increase for the water portion of the average residential customer's bill is an estimated \$4.57 per quarter, or \$18.28 annually. For the purposes of this comparison, the bill is calculated as a residential customer with a 5/8" meter, using 18 CCF per quarter. The early payment discount (10%) is *not* included in this calculation.

..Staff

Prepared by: Ed Ader, Budget & Finance Supervisor

Reviewed by: Marti Praschan, Chief Financial Officer

Brian Steglitz, Interim Public Services Area Administrator

Approved by: Milton Dohoney Jr., Interim City Administrator

(See Attached Ordinance)