



Legislation Text

File #: 24-0442, **Version:** 1

An Ordinance to Amend Section 2:64 of Chapter 29 (Sewer Rates) of Title II of the Code of the City of Ann Arbor (ORD-24-09)

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 increase sewer fees for upcoming operating and capital needs consistent with the City's Cost of Service Study, Capital Improvement Plan, and Sewer Asset Management Plan.

The City manages an extensive sewer system consisting of approximately 360 miles of pipes, 10,300 of manholes, 1 treatment plant, and 3 lift stations. The City's sewer system provides essential services within the community by collecting and treating wastewater.

The proposed sewer rate increase ordinance is the result of the City's annual budget process including an updated analysis of the sewer 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 sewer rate increase will generate additional funds needed to meet the system's annual multi-year revenue requirements for operations and capital improvements.

The City has identified more than \$90 Million in potential projects to improve the City's sewer system in the coming years. The City's five-year capital improvement plan contains \$72 Million in projects for the sewer system with an estimated annual revenue requirement for operations and capital investments of \$37 Million.

City Customers are billed in conjunction with the water and stormwater utility. The increase for the sewer portion of the average residential customer's bill is an estimated \$3.90, or \$15.60 annually. For the purposes of this comparison, the bill is calculated as a residential customer, with a 5/8th meter, using 18 CCF per quarter. The early payment discount (10%) is not included in this calculation.

Prepared by: Ed Ader, Financial Manager

Reviewed by: Marti Praschan, Chief Financial Officer
Brian Steglitz, Public Services Area Administrator

Approved by: Milton Dohoney Jr., City Administrator

[\(See Attached Ordinance\)](#)