

FIRST READING APPROVED, May 15, 2017

**ANN ARBOR CHARTER TOWNSHIP
BOARD OF TRUSTEES
AMENDMENT TO CHAPTER 70 – UTILITIES,
ARTICLE II – WATER SYSTEM,
DIVISION 2 – RATES, FEES AND CHARGES,
SECTIONS 70-71 – WATER RATES AND 70-72 – CONNECTION FEES,
AND ARTICLE III – SEWER SYSTEM,
DIVISION 2 – RATES, FEES AND CHARGES,
SECTIONS 70-242 – SANITARY SEWER RATES,
AND 70-242 – CONNECTION FEES
ORDINANCE NO. _____, 2017**

The Ann Arbor Charter Township Board of Trustees ordains and adopts the following amendment to Chapter 70, Sections 71, 72, 241 and 242:

Sec. 70-71. - Water rates. [NEW LANGUAGE UNDERLINED IN GREEN, DELETED LANGUAGE STRICKEN ~~IN RED~~]

Water rates shall be established by resolution of the Township Board based on each 100 cubic feet of water service during a quarterly period, considering the following factors:

(1) *Rate; city charges.* City of Ann Arbor rate charges for water service to the Township as set forth in the Code of the City of Ann Arbor, the City of Ann Arbor Ann Arbor Charter Township Water Supply Agreement (City Township Water Agreement), and any applicable outside service agreement, as they may be amended from time to time.

(2) *Operating costs.* A proportionate share of the Township's current cost of operating the system based on system operating costs for (a) the prior year or (b) for prior years, averaged, as the Township Board may determine is equitable to account for and reduce the effect of fluctuation in the system operating costs.

(3) *Wear and tear expense.* A proportionate share of the annual use (wear and tear) of the system assets based on the original value and the useful life of the system assets. This component is determined by dividing the system depreciation expense (as a measure of wear and tear) by the total cubic feet of water service.

(4) For items above (rates, operating costs, wear and tear expenses) the Township may consider a weighted averaging method looking back up to 5 years.

In addition, if the Township Board determines it equitable, the Board may, by resolution, adopt and establish a fee or fees for each user connected to the system to cover the benefit of, and the Township's costs and expenses associated with, the availability of water service.

Sec. 70-72. - Connection fees. [NEW LANGUAGE UNDERLINED IN GREEN, DELETED LANGUAGE STRICKEN IN RED]

A connection fee shall be charged for every: (a) new connection to the system, and (b) new water connection to a building or other improvement connected to the system, and shall vary based on the size of the new connection. Each connection size shall be assigned a residential equivalent user number based on engineering appropriate industry standards. Connection fees shall be established by resolution of the Township Board considering the following factors:

(1) *City charges.* City of Ann Arbor water connection charges to the Township ~~as set forth in the Code of the City of Ann Arbor, the City-Township Water Agreement, the Ann Arbor City-Township Water Joint Use Agreement and any applicable outside service agreement, as they may be amended from time to time.~~

~~(1) (2) Equity buy-in component.~~ An equitable portion of a the present book value of the ~~common~~ assets of the system, including anticipated and planned increases in system assets. ~~The equity buy in component for each new connection is shall be computed by dividing an appropriate equitable portion of said book the present value of the system by the number of residential equivalent users of the system, and multiplying that quotient by any new connection's residential equivalent user number. There will be two separate groups for the equity buy in component:~~

~~— a. Group 1. Group 1 includes parcels or premises that were part of the original Township water special assessment district (SAD) and parcels or premises that paid a benefit fee prior to the November 21, 2005 Township Board resolution establishing connection fees. Group 1 parcel or premises owners have already paid the SAD por_tion of the equity buy in component, and therefore will only pay an equity buy in component for the additions to the system since the SAD.~~

~~— b. Group 2. Group 2 includes all parcels or premises not in Group 1. Group 2 parcel or premises owners will pay an equity buy in component based on the present value of the entire system.~~

~~(1) (3) Meter and material costs.~~ The actual cost of meters and accessories, radio units, and costs associated with turn on and turn off of such equipment.

~~(4) Inspection/installation charge.~~ The costs of Township installation and inspection of the new connection, meter and appurtenances.

(53) *Connection size.* The required size of each new connection shall be determined by the department based on equivalent residential units considering the proposed use of the parcel or premises and applicable engineering standards.

Sec. 70-81. – Other fees. [NEW LANGUAGE]

(1) Meter and material costs. The actual cost of meters and accessories, radio units, and costs associated with turn on and turn off of such equipment.

(2) Inspection/installation charge. The costs of Township installation and inspection of the new connection, meter and appurtenances.

Sec. 70-241. - Sanitary sewer rates. [NEW LANGUAGE UNDERLINED IN GREEN, DELETED LANGUAGE STRICKEN IN RED]

Sanitary sewer rates shall be established by resolution of the Township Board and, except as otherwise provided in section 70-244, shall be based on each 100 cubic feet of water service, as defined in section 70-32, during a quarterly period, considering the following factors:

(1) *Rate; city charges.* City of Ann Arbor rate charges for sanitary sewer service to the Township. as set forth in the Code of the City of Ann Arbor, the City of Ann Arbor Ann Arbor Charter Township Wastewater Treatment, Capacity and Services Agreement (City-Township Wastewater Agreement), and any applicable outside service agreement, as they may be amended from time to time.

(2) *Operating costs.* A proportionate share of the Township's current cost of operating the system based on system operating costs for (a) the prior year or (b) for prior years, averaged, as the Township Board may determine is equitable to account for and reduce the effect of fluctuation in the system operating costs.

(3) *Wear and tear expense.* A proportionate share of the annual use (wear and tear) of the system assets based on the original value and the useful life of the system assets.

(4) For items above (rates, operating costs, wear and tear expenses) the Township may consider a weighted averaging method looking back up to 5 years.

(2) — This component is determined by dividing the system depreciation expense (as a measure of wear and tear) by the total cubic feet of sanitary sewer service.

In addition, if the Township Board determines it equitable, the Board may, by resolution, adopt a fee or fees for each user connected to the system to cover the benefit of, and the Township's costs and expenses associated with, the availability of sanitary sewer service.

Sec. 70-242. - Connection fees. [NEW LANGUAGE UNDERLINED IN GREEN, DELETED LANGUAGE STRICKEN IN RED]

A connection fee shall be charged for every: (a) new connection to the system, and (b) new sanitary sewer connection to a building or other improvement connected to the system, and shall vary based on the size of the new connection. Each connection size shall be assigned a residential equivalent user number ~~engineering~~ appropriate industry standards. Connection fees shall be established by resolution of the Township Board considering the following factors:

~~(1) City charges. City of Ann Arbor sanitary sewer connection charges to the Township as set forth in the Code of the City of Ann Arbor, the City-Township Wastewater Agreement, the Ann Arbor City-Township Sewer Joint Use Agreement and any applicable outside service agreement, as they may be amended from time to time.~~

~~(1)–~~

~~(2) Equity buy-in component. An equitable portion of a ~~the present~~ book value of the ~~common~~ assets of the system. The equity buy-in component for each new connection is shall be computed by dividing an appropriate equitable portion of said book the present value of the system by the number of residential equivalent users of the system, and multiplying that quotient by any new connection's residential equivalent user number. There will be two separate groups for the equity buy-in component:~~

~~a. Group 1. Group 1 includes parcels or premises that were part of the original Township sanitary sewer special assessment district (SAD) and parcels or premises that paid a benefit fee prior to the November 21, 2005 Township Board resolution establishing connection fees. Group 1 parcel or premises owners have already paid the SAD portion of the equity buy-in component, and therefore will only pay an equity buy-in component for the additions to the system since the SAD.~~

~~b. Group 2. Group 2 includes all parcels or premises not in Group 1. Group 2 parcel or premises owners will pay an equity buy-in component based on the present value of the entire system.~~

~~(2)–~~

~~(3) Material costs. The actual cost of accessories, radio units, and costs associated with turn on and turn off of such equipment.~~

~~(4) Inspection/installation charge. The costs of Township installation and inspection of the new connection and appurtenances.~~

(3) (5) Connection size. The required size of each new connection shall be determined by the department based on equivalent residential units considering the proposed use of the parcel or premises and applicable engineering standards.

Sec. 70-251. – Other utility fees. [NEW LANGUAGE]

(13) Meter and material costs. The actual cost of meters and accessories, radio units, and costs associated with turn on and turn off of such equipment.

(42) Inspection/installation charge. The costs of Township installation and inspection of the new connection, meter and appurtenances.

CERTIFICATION:

It is hereby certified that the foregoing Ordinance was adopted by the Township Board of Ann Arbor Charter Township, Washtenaw County, Michigan, at a meeting of the Board duly called and held on _____, 2017.

ANN ARBOR CHARTER TOWNSHIP BOARD
OF TRUSTEES

By: _____
Michael Moran, Supervisor

By: _____
Rena Basch, Clerk

First Reading: May 15, 2017
Second Reading: ~~June 19, 2017~~
Approved by Board:
Effective: _____, 2017 (upon publication)