Ann Arbor Stormwater Level of Service and Rate Analysis
Advisory Group Meeting Summary
Friday, January 6, 2016 – 10:00 a.m. to 12:00 p.m.

1. **Participants** – See Attachment #1

2. **Welcome** – Jennifer Lawson noted that this is the last meeting and she thanked the group for their participation and support. Jennifer added that the Advisory Group may be contacted at a later date for additional feedback.

3. **Public Education and Outreach** -- Jennifer referred to previous interest in expanding public outreach for stormwater. Jen asked Charlie Fleetham to show examples of outreach videos that Project Innovations has created for Ann Arbor and Great Lakes Water Authority. The links to the videos shown are:

      
      i. GLWA ABCs of Water Charges  
         [https://www.youtube.com/watch?v=SLDzRgxePeM&feature=youtu.be](https://www.youtube.com/watch?v=SLDzRgxePeM&feature=youtu.be)
      
      ii. GLWA Introduction to GLWA Charges and Community Rates  
          [https://www.youtube.com/watch?v=ryd8iw6SvkE&feature=youtu.be](https://www.youtube.com/watch?v=ryd8iw6SvkE&feature=youtu.be)
      
      iii. City of Ann Arbor Organics Management Plan  
           [http://www.a2gov.org/departments/systems-planning/planning-areas/Pages/Organics-Management-Plan-.aspx](http://www.a2gov.org/departments/systems-planning/planning-areas/Pages/Organics-Management-Plan-.aspx)

   b. Advisory Group questions and comments:
      
      • How would you distribute videos and get people to see them?
      • Ask U of M to help with video distribution.
      • Show how compost increases ability of soil to capture water/drainage, because the soil is higher organic.
      • We need specific education and outreach to the community.
      • We need to show the effect of doing nothing. Both are invisible systems that folks know nothing about. If we do nothing, we will see problems in neighborhoods.
      • We used to go to recycling, but MERF is closed. Can tours be conducted at Compost facility?
      • The language that residents know is when will a sinkhole occur in my street? When will our basements flood? Need to connect these issues with any communication.
      • Need to show examples of how city gets in front - like Green Streets build on Fourth Ave. It will last longer, won’t have potholes.
      • Intrigued that trees absorb lots of water ... could focus video on trees and uniform storm ... what does it mean that they are absorbing lots of storm water?
      • How much money is in budget for public education? A: $150K per year .. for videos, staff time.
      • Huge consensus – multi faceted education system is essential ... agree that it should be funded.
      • Jennifer stated that she is willing to add dollars ... it has to be key part of whatever is proposed.
• City should use email more … used to have block captains talk to neighbors … let’s get email list out to networks.
• How does City calculate billable acreage? A: Craig Hupy explained that reassessing is done routinely … then tested to gauge accuracy. Bills usually change as a result.

4. **Draft Council Presentation** - Andy reviewed draft (attached). Jennifer asked the group if this is the right information to present to Council? She added that Council may only want talking points or a quick email summary. Comments included:
  • Do executive summary to frame messaging.
  • Craig Hupy suggested that if Advisory Group members come to council and support changes, it would help.
  • Do infographics – time based for conclusion and impacts of approving them and not; and one for the backstory (how the study was done).
  • First portion of presentation (history since 2007 rate study … backstory)
    o Less words – more dollars.
    o Animate.
    o Bar chart – where you are and where you ought to be.
    o We need to reinforce that rate increases did not occur. Need to highlight cumulative shortfall from 2007 recommendation. Need to highlight it needed to comply with Bolt. It is a deficit from what we needed.
    o Should say why it failed in 2007? Market crash? Climate change?
    o Our program is Bolt compliant – one of the few.
    o Should we present how the design storm has increased since 2007?
    o Should we add as climate adaptation challenge?
    o Need to put global warming and increased size of storms up front.
    o Jennifer noted that a Council priority for next year is climate change.
  • **2017 Study Overview**
    o Slide #10 - culvert doesn’t match revenue requirement image … use flooded street/men working.
    o Slide #13 - lot of words on slide, but important information … might want to show in bar graph/pie chart … doesn’t show what you have spending now vs. what you want.
    o Slide #14 – good slide, conveys message very well.
    o Tree health is priority for Council… is 100K increase sufficient? Reconsider this allocation.
    o Make sure numbers match slide to slide.
    o Interesting to see how costs change over time … e.g. public education costs might decrease over time.
  • **Capital Improvement Plan Summary**
    o Current CIP doesn’t include storm water recommendations. Projects on p.15 are not included. Public is seeing reality of lack of funds. We don’t have storm water funds to implement desired plan.
    o Don’t like word “desired.” Too soft and squishy.
    o Slide 15: Put in title – 6 Year or 10 year.
    o Need deterioration model in presentation.
55 stars will be showing projects ... are they distributed throughout city?
- Bills are quarterly.
- Are they inflation adjusted? Yes.
- Go up annually? Yes.
- Could they go up monthly? No – too difficult to manage budget and Council approval process.
- Reuse Option 1 slide for Option 2 ... just strike out Option 1 that will not be covered.
- Rename Option 1 and 2 – to Fully Funded and Status Quo.
- For the price of a pizza you can offset the impact of Climate Change.

**Cost Allocation Framework**
- Slide 23 – concept is rate equity. Should include on slide. It is the most important message.
- Image on bottom tells the entire story.
- Slide 26 – remove percent change column out of presentation.
- Kill percentages through slides – use absolute number.
- When you blend revenue and rate increases throughout.
- Slide 27 – can you list positive impacts?
- What are you trying to communicate with impact slide? Response: we are showing impact of rate increases on non-residential customers?
- Slide 28 – change monthly to quarterly.
- Does Madison WI have a storm water utility?
- Slide 28 – put asterisk for major university.

**Storm Water Credits**
- Detention basin credits – need staff to look at it.
- Slide 33 – does not show enough credit for large scale enterprises.
- How often do you look at Detention basins – one series of inspections.
- Credit seems inadequate for large user ... if we put in system that manages 100% of the storm water.
- You have to retain back to back 100 year storms, all the credit comes off.
- Is it written off somewhere? Yes, it is in the code.
- Are green roofs credit worthy? Not now – will be putting in the code.

5. **Conclusion** - Jennifer will invite Advisory Group to Council meeting.

6. **Closing comments**
   - Thanks for your participation
   - We will work with video production companies ... as the City moves forward with Water Outreach strategy, we will be considering this strategy.
   - Very good process ... very professionally done.
## ATTACHMENT #1 – Participant List

<table>
<thead>
<tr>
<th>Last Name</th>
<th>First Name</th>
<th>Organization</th>
<th>Email</th>
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ATTACHMENT #2

Executive Summary

3. Executive Summary of 2017 Study

- In 2007 the City engaged a consultant to complete a Stormwater Utility study.
- The Study included evaluation of:
  - The stormwater rate design
  - Level of service
- Community engagement was a key aspect of the study.
- Stormwater Citizen’s Advisory Task Force (SCAT)

Agenda

- Executive Summary
- Recap of Prior Study
- 2017 Rate Study Overview
- Revenue Requirements
- Cost Allocation & Fee Design
- Credit & Incentives
- Question & Discussion
3 Recap of Prior Study

Study Findings & Recommendations
- Rate structure modifications were appropriate (tiers)
- City’s funding inadequate to meet LOS principles
  - Operations/maintenance, public education, and capital
- Three levels of service options were developed: A, B, C

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<th>Level of Service</th>
<th>2017</th>
<th>A</th>
<th>B</th>
<th>C</th>
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<tr>
<td>Annual Funding</td>
<td>$3.7</td>
<td>$11.2</td>
<td>$9.1</td>
<td>$6.2</td>
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- Consultant and SCATF implemented tiered structure and raised rates to option B over time (2015 Target/Plan)

Summary of Prior Study
- In 2007 the City engaged a consultant to complete a Stormwater Utility study
- The study included evaluation of:
  - Stormwater rate design (local vs. Lansing compliant)
  - Level of service
- Community engagement was a key aspect of the study
- Stormwater Citizen’s Advisory Task Force (SCATF)

LOS B Revenue Requirements Not Met
- LOS Option B vs. Actual Revenues ($ in Millions)

Continued Funding Challenges

- Actual fee increases less than recommended 11% / yr.
- Revenue is $4M per year less than LOS Option B
- Current revenues are insufficient to address:
  - Aging infrastructure and needed system improvements
  - Addition of Funding of Green Streets Policy & Street Trees
  - Increasing regulatory requirements
  - Climate resiliency plan and changing storm requirements
  - Community level of service expectations

Study Objectives

- Projection of full cost of service
- Develop multi-year financial management plan
- Integrate desired level of service (LOS) and system needs
- Evaluate stormwater cost allocation and fee structure
- Engage community stakeholders
- Input and expectations related to level of service & fees
- Develop dynamic model for future use
- Long-term sustainability & ongoing financial management

2017 Rate Study Overview

Our Approach to the Rate Study

- Revenue Requirements
  - Planning Costs
  - Fixed Costs
  - Revenue & Cost Analysis
- Cost Allocation & Fee Design
  - Determine Apportioned Cost
  - Identify Key Revenue Sources
  - Calculate Annual Fee
- Cost & Benefits
  - Identify the Cost of Services
  - Assess project feasibility
  - Identify potential funding sources

- Public Outreach
  - Conduct community meetings
  - Develop public information materials
  - Monitor public feedback and concerns

- Implementation
  - Develop implementation plan
  - Secure necessary funding
  - Monitor project implementation

### Revenue Requirements

### Stormwater O&M Enhancements
- Storm Drain Maintenance ($200k/ year)
- Increased property and asset maintenance activities
- Storm Pruning ($180k/ year)
- Increased monitoring and maintenance per Urban Storm Plan
- Sever Repair & Cleaning ($305k/ year)
- Increased frequency - 10% of the trees every 5 years, the rest 50 year cycle
- Road Operations ($150k/ year)
- Street maintenance and other related activities
- Green Infrastructure ($220k/ year)
- Provide funding for the maintenance of existing & new infrastructure (and credit funding)
- Public Engagement ($150k/ year)
- Specific for stormwater and plan - 750
- System Repair, Rehabilitation, and Replacement ($920k/ year)
- Increases funding for effective Asset Management for the City & WCMC

### Revenue Requirement Components

### Stormwater O&M Phase-in Plan
- Total O&M Enhancements = $1.37m, FY 2017 O&M Budget = $1.13m
- This plan was created to identify funding limitations, practical limitations and the prioritization of funds coordination with other key initiatives
Capital Improvement Plan Summary

- Study reflects "necessary" 15-year plan (total of $53M, consisting of 55 projects)
  - Lower Allen Creek + $10.8M ($1.2M per year)
  - Street Tree Planting = $4.1M ($0.5M per year)
  - LakeFork Stormwater Basin + $1.1M
  - Mahan Creek + $2.7M
  - Church Hill Pocket Drainage SWLI Basin = $23M
  - Miller Creek Channel Modification = $1.5M
  - Darlington Stormdrain Reservoir = $2.5M
  - Briarwood Mill Pond + $1.2M
- CIP funding is in the order of approximately 75% of future rate adjustments needed
- The financial model was utilized to evaluate capital spending options

Stormwater Financial Plan

- Chart showing financial analysis and projections for stormwater management.

Key "Necessary" Stormwater CIP

- Map indicating key stormwater CIP projects:
  - Darlington Stormdrain Reservoir
  - Lower Allen Creek
  - Street Tree Planting

System Impact Comparison (OHM)

- Graph comparing annual system impact with different scenarios.
  - Y-axis: Annual System Impact
  - X-axis: Various scenarios
Residential Customer Impacts (Qtr.)

<table>
<thead>
<tr>
<th>Residential</th>
<th>Accounts</th>
<th>FY 2018</th>
<th>Current</th>
<th>% Change</th>
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<tbody>
<tr>
<td>Up to 2,105 square feet</td>
<td>4,068</td>
<td>$35.90</td>
<td>$23.77</td>
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<td>&gt; 2,105 to 4,175 square feet</td>
<td>14,036</td>
<td>$42.23</td>
<td>$26.35</td>
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<td>&gt; 4,175 to 7,310 square feet</td>
<td>3,313</td>
<td>$70.11</td>
<td>$77.77</td>
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<td>&gt; 7,310 square feet</td>
<td>355</td>
<td>$19.76</td>
<td>$16.02</td>
<td>37.74</td>
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Fee Structure Evaluation

- As part of the 2007 stormwater rate study the City adopted a tiered structure for residential properties.
- Tiers were developed based on the statistical distribution of impervious area within the residential customer class.
- Reviewed the impacts and appropriateness of the current residential fee structure.
- Current statistical distribution of residential impervious area.
- Evaluated changes in impervious area per parcel since the 2007 study and resulting impacts of the fee structure.

Quarterly Residential Fee Survey
(Based on publicly available data as of December 2016)

Single & Two-Family Impervious Area Distribution

- Fee structure has resulted in reductions/increases of impervious area.
- Statistical analysis revealed that current tiers are still appropriate.
Stormwater Credit Updates

| Credits & Incentives |

Stormwater Credit Background

- Immediate Consideration:
  - Green roofs - reduction in impervious area based on size of roof

- Future Consideration:
  - Tree canopy credits - reduction in impervious area based on specific tree canopy (typically non-residential)
  - Communities have offered rebates for tree planting in addition to or in place of tree canopy credits (typically residential)
  - Would require details relative to specifics of trees, limits, etc.