

Ann Arbor Stormwater Level of Service and Rate Analysis Advisory Group Meeting Summary Friday, August 26, 2016 – 10:00 a.m. to 12:00 p.m.



1. Participants (Attachment #1)

2. Welcome and Introductions – Jennifer Lawson

- a. Jennifer thanked everyone for attending and apologized for the late notice for the change in venue. It is likely that the location for future meetings will also be at Wheeler Service Center due to a conflict at Cobblestone Farm.
- b. Several documents were distributed at the meeting:
 - i. Meeting agenda
 - ii. A2 Open City Hall Stormwater Survey was provided for reference. Group members were encouraged to go online and complete the survey if they hadn't done so already.
 - iii. Stormwater Credit Summary was provided as reference for current status.
 - iv. Stormwater Advisory Group Charter was distributed for group members to review, sign, and return to Jennifer Lawson – jlawson@a2gov.org.

3. Financial Forecasting Model Review – Andy Burnham and Kyle Stevens

- a. The Financial Forecasting Model was presented with current (baseline) data. The Fiscal Year June 30, 2016 unaudited financial information is also included in the data set. Kyle Stevens demonstrated how the model adjusts as new data is loaded and revisions to data are entered. There is also a dashboard tool showing various decision making elements. Baseline information currently included in the model:
 - i. The starting fund balance (operating reserve), as of 6/30/16 is \$10M.
 - ii. There is no significant growth expected, status quo is being used in projections.
 - iii. Budget to actual figures are being reviewed carefully.
 - iv. Increases in budgets will be adjusted using historical trends and national averages for line items such as healthcare insurance, energy, and fuel.
 - v. Projections for increases in stormwater credits will go along with rate increases and are assumed to increase as a result of additional public education.
 - vi. Grant funding that has already approved has been included in the model.
 - vii. The current CIP has been uploaded and reviewed, but does not yet include the cost requirements from the model calibration study. Will be updated soon.
 - viii. The model assumes that the cash fund will cover rehab and replacement projects, while the long-term assets will be debt financed.
- b. Q/A
 - i. Q: Has grant funding for Allen Creek Berm Opening Project been received? A: Yes, Council has approved the acceptance of the funding.
 - ii. Q: Are all anticipated stormwater updates included in the financial model? A: No, there is \$200M identified in the Stormwater Model Calibration Project that hasn't been added to the CIP.
 - iii. Q: Why is the Street Tree program included in the stormwater budget? A: Several years ago, it was decided that street trees were directly related to stormwater and therefore included in the stormwater utility.

- iv. Q: Are all city owned trees included? A: No, only the planting and management of street trees.
- v. Q: Will each level of service (LOS) option and non-LOS option be included in the model to identify impact? A: Yes, the asset management plan will also feed into the model. Preliminary stormwater asset deterioration forecasting is being done as a part of this project. The model includes stormwater utility infrastructure by percentages of pipe length, size, and age. The assets will be scored and modeled to determine projected annual rehab and replacement. Street projects that overlap will be incorporated.
- vi. Q: How good is the baseline data now? A: The inventory data is A+ but the condition assessment is lagging. Stormwater infrastructure is mostly self-cleaning but actual pipe condition needs assessment. The question is “how long will the infrastructure provide the required level of service” and will it require capital investment or O&M.
- vii. Q: Is it possible to adjust the rates in the model as more information becomes available? A: Yes.
- viii. Q: How long has this model been around? A: Burton/Hawksley has been using it since the 1980’s. It is a proprietary model that is customized for each client. It is a new tool for Ann Arbor and City staff is looking forwarding to utilizing it to the fullest extent.
- ix. Q: Does the model take into account the increasing frequency of stormwater events? A: The Stormwater Model Calibration project takes climate change into account. The project recommendations from the Calibration Project will be included in the next CIP. The updated CIP project costs will be included in the Financial Forecasting Model. Capital projects are prioritized with climate change as criteria.
- x. Q: Can the model go out an additional 10 years (for a twenty-year period)? A: Yes.
- xi. Q: Have estimated capital projects been adjusted for inflation, etc.? A: Yes (based upon the Engineering News Record Construction Cost Index), the model can also optimize cash and debt financing options on a project specific basis.
- xii. Member Comments:
 - 1. The model would be a stronger tool if it went out further than 10 years.
 - 2. At the next review, define LOS options and impacts with better data. Also, include additional staffing needs.
- xiii. Q: Can the model correlate increases in stormwater LOS with decreases in I&I in the sanitary system? A: This would be reflected on the sanitary side.
- xiv. Q: Is there an asset management review occurring on the sanitary side? A: Yes, but a rate study has not begun yet for sanitary. It was noted that the amount of \$ generated for stormwater utility trails sanitary significantly.

4. Stormwater Credits

- a. A handout showing existing residential and non-residential stormwater credits was discussed.
- b. Andy Burnham discussed how the Bolt v. City of Lansing judgement has complicated the method for setting stormwater credits in Michigan. Andy said that Ann Arbor does more than most communities in Michigan in regard to credits (whereas many communities would do use incentives vs. credits). He suggested that tree canopy and green roof credits would be nice potential additions to the City’s existing credits.
- c. Q: Where can the Ann Arbor credit policy be found? A: It is in the city ordinances and there is a link to the credits at www.a2gov.org/swra.
- d. Q: How often does the City check properties to see if the infrastructure related to the credit is still in place? A: There are scheduled, periodic reviews for each type of credit.
- e. Q: How much water does a mature street tree absorb? A: It is estimated that a mature tree can absorb 3300 gallons per year.

5. Public Engagement

- a. Andy and Kyle showed the City of Philadelphia's interactive dashboard for stormwater credits - <http://water.phila.gov/swexp/>. It allows the user to choose a parcel and estimate cost impact for credits, such as: green roof, rain garden, permeable pavement, stormwater basin, sub-surface storage.
- b. A question was posed to the group whether a tool like the Philadelphia tool for estimating stormwater credits would be used/valuable in Ann Arbor.
 - i. The group believes that it would be used if it provided other value added benefits.
 - ii. Greg Kacvinsky noted that the SAW grants for the Grand Traverse Bay (Traverse City) included an annual reduction of Total Suspended Solids (TSS) as additional benefit to stormwater improvements.
 - iii. Harry suggested that refinement to the tiered systems would have an impact because as it is structured now, it is difficult to move from one tier to another. Harry added that it was discussed at the last stormwater level of service discussion and that there is more data now to review impervious area for tier sizing.
- c. Q: Is there data that correlates public education to system maintenance benefits/savings? A: There are more regulatory costs than what voluntary efforts can alleviate. Stormwater costs are related primarily to big storm events that would overwhelm the public's efforts.
- d. Q: Is there a regulatory requirement for public education? A: Yes.
- e. Q: Does Ann Arbor have any unique features/challenges when considering credits? A: The impervious measurements, challenges to Bolt decision, and public education could be more advanced.
- f. Q: Will the model be accessible? A: After the project is completed, the model will be turned over to the City staff under the terms of a usage/licensing agreement (no cost to the City). City staff will not be allowed to share the model itself with anyone outside the City, however output schedules of all source data, assumptions, and projections will be made available to the group and public at large throughout the conduct of the study and into the future.

6. Topics for Future Meetings

- a. Review survey data from the public survey posted on A2 Open City Hall.
- b. Review data regarding impervious area to review tier sizing.
- c. Provide a glossary of stormwater terms and use less acronyms. Include permit obligations.

7. Next Meeting

- a. September 30th from 10 a.m. to 12:00 p.m. at TBD.

ATTACHMENT #1 – Participant List

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