

**Ann Arbor Stormwater Level of Service and Rate Analysis
Advisory Group Meeting #1 Summary
June 27, 2016 – 10:00 a.m. to 12:00 p.m.**



1. Participant List – See Attachment #1
2. Welcome – Jennifer Lawson, City of Ann Arbor Water Quality Manager
 - a. Advisory Group’s Involvement:
 - i. The Advisory Group is critical to ensure all needs are met in a sustainable way. Advisory Group member’s interest and commitment is very much appreciated.
 - ii. Group members are asked to review materials and participate in as many meetings as possible.
 - iii. Group members are asked to respect all individuals and their perspectives because we are all on the same team.
 - b. Project Overview:
 - i. The project objective is to evaluate needs of the system and customer expectations.
 - ii. The process will focus on engaging the community to identify level of service (LOS) options to be evaluated within the City and to give input for the financial plan to fund the identified LOS options.
 - iii. This is a fast tracked project with the goal to bring recommendations to Council in December 2016 for implementation on 7/1/2017.
3. Project Introduction – Jennifer Lawson, City of Ann Arbor Water Quality Manager
 - a. The multi-disciplinary project team consists of:
 - i. Burton and Associates/Hawksley Consulting – a financial management consulting firm with expertise in utility rate making and stormwater fees.
 - ii. OHM Advisors – an engineering firm with knowledge of Ann Arbor.
 - iii. Project Innovations – a consulting firm specializing in public engagement.
 - b. Advisory Group Members were asked to introduce themselves and identify any specific area of interest in the project. Areas of interest that were identified included: stormwater rate impact, providing citizen viewpoint, green infrastructure, rain gardens, coordination with Drain Commissioner’s office.
4. Review Advisory Group Chartering Agreement
 - a. The Chartering Agreement outlines the purpose of the group, operating principles & decision making, membership & leadership, schedule & workplan, and logistics.
 - b. This agreement was previously used in the Technical Oversight Advisory Group (TOAG).
 - c. **The Chartering Agreement was sent to this advisory group for review. Group members are asked to acknowledge and agree to the final Chartering Agreement that will be emailed before the next Advisory Group Meeting.**
5. Stormwater System Background and Project Overview
 - a. System Overview and Background – Jennifer Lawson

- i. City has separated sanitary and storm water systems. The City manages 270 miles of stormwater mains. The stormwater goes to the Huron River and does not receive advanced treatment. The sanitary sewer goes to the Wastewater Treatment Plant for treatment.
- ii. Stormwater Utility is a dedicated funding source to support an organization that plans, designs, constructs, and maintains a stormwater management system, sediment and flood control programs, projects and provides education.
- iii. Stormwater usage fees are calculated based on the amount of impervious (non-porous) area on the customer's property.
- iv. Flyovers are done using infrared technology every 3 years to measure impervious area. Fees are calculated in a fair and equitable method.
 - 1. Residential customers are billed quarterly for a flat \$6.77 administrative charge plus a usage fee ranging from \$16.00 to \$84.00 that is calculated by impervious area.
 - 2. Commercial and other properties (multi-family, office, institutional, industrial) are billed on the impervious areas at a rate of \$400.00 per acre per quarter plus a flat \$6.77 administrative charge.
- b. 2007 Study Findings – Andy Burnham
 - i. The 2007 Study established a good process and framework to build upon. It evaluated level of service and overall structure of rates.
 - ii. The prominence on stakeholder engagement was very important, with a special task force formed to identify guiding principles and objectives. This is an approach that will be used for this project as well.
 - iii. The study found that the level of funding was not adequate to meet the desired level of service. The recommendation for stormwater revenue was \$7.6M to \$10.2M annually (Stormwater Citizen's Advisory Task Force Option B), however, the actual stormwater revenue has not been more than \$6.2M (2015).
 - iv. The Ann Arbor Stormwater Utility faces significant funding challenges. Current revenues are insufficient to address capital funding for aging infrastructure and system improvements. Additional responsibilities have been added to the utility:
 - 1. Green Streets Policy
 - 2. Forestry/Street Trees
 - 3. Additional regulatory requirements
 - v. Q & A:
 - 1. Q: Were additional funds made available when Forestry/Street Trees were added to the Stormwater Utility? A: No.
 - 2. Q: Why doesn't the City pay for these services? A: Payment is made for the operations & maintenance and products.
 - 3. Q: Do City taxes pay for the Stormwater Utility? A: No, stormwater fees are based on impervious area and not based on property value because property information alone doesn't provide a good basis for fees.

4. Q: Are there communities where other fees pay for stormwater improvements? A: Yes, it is increasing over time. Municipalities are looking for ways to cover costs for roads, stormwater, etc. Tax options, special assessments, and grant funding are being used. The Bolt v. City of Lansing changed the structure for stormwater usage fees. Ann Arbor is Bolt compliant.
 5. Q: Is performance data on Green Streets Policy available? A: Currently there are no academic studies completed. Data is just coming out related to the rate of return.
 6. Q: Is Green Streets Policy funded by stormwater rates? A: Yes, road work comes out of the road budget but the curbs and drains come out of the stormwater budget.
- c. 2016 Study Scope of Work – Andy Burnham
- i. Build on the work completed in 2007 to evaluate:
 1. Current needs of the stormwater system
 2. Current needs of the community
 3. Current expectations of the customers
 4. Priorities and regulations have changed over the last ten years.
 - ii. Engage the community to define and develop:
 1. Level of service option(s) to be provided within the City
 2. Financial plan to fund defined level(s) of service option
 - iii. Goal: Recommendations to Council in December 2016.
- d. Study Process – Andy Burnham
- i. Study will take approximately 9 months to complete. Completion targeted for 7/1/17 rate implementation.
 - ii. The study will evaluate current costs and level of service to establish a baseline:
 1. Review core programs and identify enhancement opportunities.
 2. Allocate current and projected costs to customer classes
 3. Define current level of service for key service elements: administration, public engagement, regulation/enforcement, operation & maintenance, planning, and capital improvements.
 - iii. The study will identify alternative level of service options and cost requirements:
 1. Establish objectives and guiding principles for level of service options.
 2. Identify emerging needs and opportunities for each service.
 3. Develop level of service options and cost requirements for each service.
 - iv. The study will develop updated rates and policies reflecting level of service options.
- e. 2007 Study Level of Service Objectives
- i. Flooding of dwellings, businesses, industries & institutions
 - ii. Flooding of private property and roadways
 - iii. Preservation of floodplains and stream buffer/wetlands
 - iv. Stream bank erosion control and stream restoration
 - v. Repair/renewal of aged infrastructure (maintenance)

- vi. Removal of sediment, debris, and excessive vegetation
 - vii. Mosquito control
 - viii. Control of pollution in stormwater discharges
 - f. 2007 Study Level of Service Guiding Principles
 - i. Protect public health, safety, and welfare
 - ii. Protect ecological health
 - iii. Conduct comprehensive planning to define priorities
 - iv. Encourage shared responsibility
 - v. Offer incentives to guide desired behaviors
 - vi. Educate stormwater system users
 - vii. Provide an understandable, equitable rate structure
6. Small Group Discussion
- a. The participants were asked to discuss revisions to the Level of Service Objectives and the Level of Service Guiding Principles.
 - b. Based on the group's feedback, the Level of Service Objectives were updated to include:
 - i. Flooding of dwellings, businesses, industries & institutions
 - ii. Flooding of private property and roadways
 - iii. Preservation of floodplains and stream buffer/wetlands
 - iv. Stream bank erosion control and stream restoration
 - v. Repair/renewal of aged infrastructure
 - vi. System maintenance/stewardship activities
 - vii. Removal of sediment, debris, and excessive vegetation
 - viii. Public education, outreach, and communication
 - ix. Control of pollution in stormwater discharges
 - x. Street tree maintenance and replacement
 - c. Based on the group's feedback, the Level of Service Guiding Principles were updated to include:
 - i. Protect public health, safety, welfare, and environment
 - ii. Use modeling and other dynamic decision-making tools
 - iii. Consider climate change and resiliency
 - iv. Evaluate cost effective asset management plans
 - v. Conduct comprehensive planning to define priorities
 - vi. Encourage shared responsibility
 - vii. Educate and inform stormwater system users
 - viii. Use incentives to guide desired behaviors
 - ix. Provide an understandable, equitable rate structure
 - x. Utilize green infrastructure when feasible
 - xi. Leverage available resources (AMPs, forestry plan, etc.)
 - xii. Cross-collaborate with other agencies
7. Next Steps
- a. Finalize data collection
 - b. Project team to initialize key elements of analysis

- c. Current LOS evaluation
- d. Development of LOS options
- e. Next Advisory Group Meeting – 8/26
- f. Working meeting to review initial analysis
- g. Source data, assumptions, scenarios, etc.

ATTACHMENT #1 – Participant List

Last Name	First Name
Advisory Group	
Appel	Mike
Bletcher	Thomas
Boucher	Ed
Bulkley	Jonathan
Ehn	Alice
Judd	Patrick
Ritzenthaler	Alicia
Sheehan	Harry
Wolf	Jennifer
City Staff	
Lawson	Jennifer
Maciejewski	Molly
Project Team Consultants	
Burnham	Andy
Newman	Teresa
Ulasir	Murat