

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:
 - a. Charlie showed ABC/Daddow/Org Mgmt Plan videos.
 - i. GLWA ABCs of Water Charges
<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>
 - iii. City of Ann Arbor Organics Management Plan
<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)
 - Less words – more dollars.
 - Animate.
 - Bar chart – where you are and where you ought to be.
 - 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.
 - Should say why it failed in 2007? Market crash? Climate change?
 - Our program is Bolt compliant – one of the few.
 - Should we present how the design storm has increased since 2007?
 - Should we add as climate adaptation challenge?
 - Need to put global warming and increased size of storms up front.
 - Jennifer noted that a Council priority for next year is climate change.
 - **2017 Study Overview**
 - Slide #10 - culvert doesn't match revenue requirement image ... use flooded street/men working.
 - 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.
 - Slide #14 – good slide, conveys message very well.
 - Tree health is priority for Council... is 100K increase sufficient? Reconsider this allocation.
 - Make sure numbers match slide to slide.
 - Interesting to see how costs change over time ... e.g. public education costs might decrease over time.
 - **Capital Improvement Plan Summary**
 - 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.
 - Don't like word "desired." Too soft and squishy.
 - Slide 15: Put in title – 6 Year or 10 year.
 - 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


Last Name	First Name	Organization	Email
Community Stakeholders			
Appel	Mike	Previous Stakeholder Group	appel@umich.edu
Boucher	Ed	WCA	rboucher@kotzsangster.com
Bulkley	Jonathon		jbulkley@umich.edu
Caruso	Vince	Watershed Group	vrcaruso@comcast.net
Howard	Shane	U of M	showard@umich.edu
Kaczor	John	Previous Stakeholder Group	johnk@municipalanalytics.com
Sheehan	Harry	WCWRC	sheehan@ewashtenaw.org
Wolf	Jennifer	TOAG	jwolf2000@gmail.com
City Staff			
Hupy	Craig	AA Public Svcs. Admin	chupy@a2gov.org
Lawson	Jennifer	AA Systems Planning	jlawson@a2gov.org
Maciejewski	Molly	AA Field Operations	mmaciejewski@a2gov.org
Project Consultants			
Burnham	Andy	Hawksley Consulting	andrew.burnham@hawksley.com
Fleetham	Charlie	Project Innovations	charlie@projectinnovations.com
Kerkez	Lindsey	OHM Advisors	lindsey.kerkez@ohm-advisors.com
Stevens	Kyle	Hawksley Consulting	kyle.stevens@hawksley.com

ATTACHMENT #2

CITY OF ANN ARBOR
STORMWATER RATE STUDY
REVISED DRAFT PRESENTATION

Craig Hupp
Public Services Area Administrator
Jennifer Lawson, CSM
Water Quality Manager
Andrew Burnham
Senior Vice President, Burton and Associates

Date TBD




3 Executive Summary

Agenda

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

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 (SCATF)



3 Recap of Prior Study

Study Findings & Recommendations


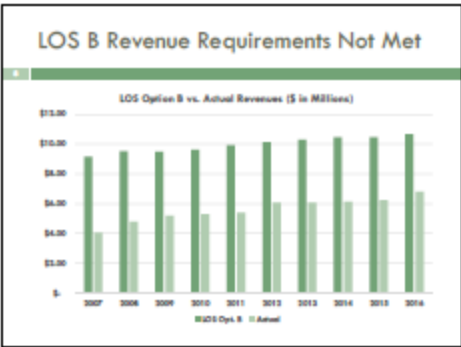
- Rate structure modifications were appropriate (tiers)
- City's funding inadequate to meet LOS principles
 - Operations/maintenance, public education, and capital
- Three level of service options were developed A, B, C

Level of Service	2007	A	B	C
Annual Funding (millions)	\$3.7	\$18.2	\$9.2	\$6.2

- Consultant and SCATF: Implement tiered structure and raise 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 (Bolt vs. Lansing compliant)
 - Level of service
- Community engagement was a key aspect of the study
 - Stormwater Citizen's Advisory Task Force (SCATF)

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

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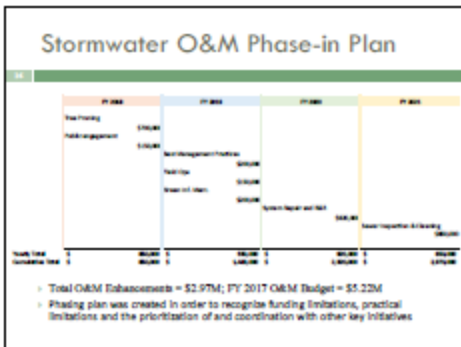
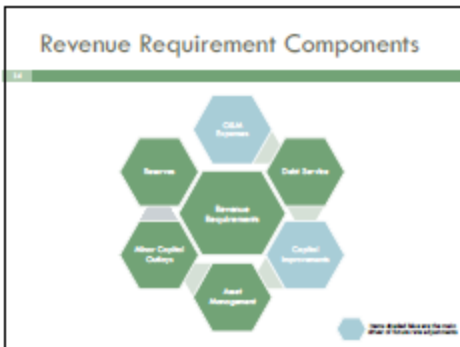
2017 Rate Study Overview

Our Approach to the Rate Study



13 Revenue Requirements

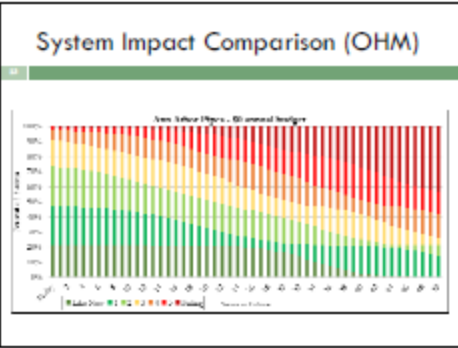
- ## Stormwater O&M Enhancements
- Best Management Practices (\$200k / year)
 - Increased inspection and silt discharge abatement
 - Tree Pruning (\$700k / year)
 - Increased pruning & maintenance per Urban Forestry Plan
 - Sewer Inspection & Cleaning (\$650k / year)
 - Increased frequency - 20% of the system every 3 years, the rest 20 year cycle
 - Field Operations (\$150k / year)
 - Street resurfacing and other related activities
 - Green Infrastructure (\$200k / year)
 - Provide funding for the maintenance of existing & new infrastructure (and credit auditing)
 - Public Engagement (\$150k / year)
 - Specific list of initiatives and plan - TBD
 - System Repair, Rehabilitation, and Replacement (\$920k / year)
 - Provides increased funding for effective Asset Management for the City & WQWRC



Status Quo O&M Enhancements

- Best Management Practices (\$200k / year)
- Increased inspection and abate discharge elimination
- Tree Pruning (\$700k / year)
- Increased pruning & maintenance per Urban Forestry Plan
- Street Inspection & Cleaning (\$4,50k / year)
- Increased frequency - 20% of the system every 3 years, all new 20-year cycle
- Field Operations (\$1,20k / year)
- Street resurfacing and other related activities
- Green Infrastructure (\$200k / year)
- Provide funding for the maintenance of existing & new infrastructure (and credit auditing)
- Public Engagement (\$150k / year)
- Specific list of initiatives and plan - TBD
- System Repair, Rehabilitation, and Replacement (\$920k / year)
- Provides increased funding for effective Asset Management for the City & WQVWC

O&M Enhancements	\$2.97M
Reductions	-\$1.72M
Net Spending	1.25M



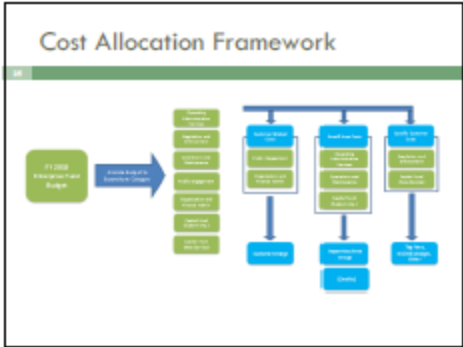
Status Quo Stormwater Financial Plan

FINANCIAL ANALYSIS AND MANAGEMENT SYSTEM (FAMS) SUMMARY

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Revenue	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500
Operating Costs	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
Capital Costs	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500

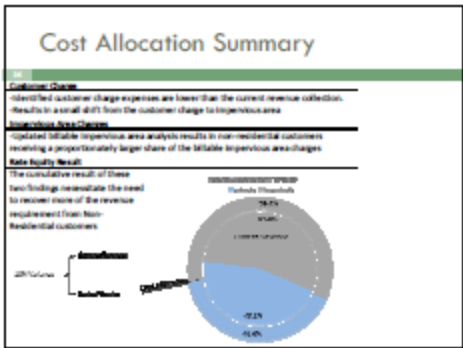
Additional charts include: Operating Costs, Revenue, Capital Costs, and Total Costs over time.

24 Cost Allocation & Fee Design



Revenue Neutral Cost Based Fees (Qtr.)

Residential	Cost Based	Current
Customer Charge	\$2.71	\$6.77
Inferior Charges		
Up to 2,187 square feet	\$17.31	\$17.00
> 2,187 to 4,175 square feet	\$30.30	\$29.75
> 4,175 to 7,110 square feet	\$51.94	\$51.00
> 7,110 square feet	\$90.89	\$89.25
Non-Residential	Cost Based	Current
Customer Charge	\$2.71	\$6.77
Inferior Charge Per Acre	\$466.83	\$425.00



Cost Based Fee Schedule (Qtr.)

(Includes 28% revenue adjustment for necessary CIP and O&M Enhancements)

Residential	Cost Based	Current
Customer Charge	\$3.91	\$6.77
Inferior Charges		
Up to 2,187 square feet	\$22.07	\$17.00
> 2,187 to 4,175 square feet	\$38.62	\$29.75
> 4,175 to 7,110 square feet	\$66.20	\$51.00
> 7,110 square feet	\$115.85	\$89.25
Non-Residential	Cost Based	Current
Customer Charge	\$3.91	\$6.77
Inferior Charge Per Acre	\$195.45	\$425.00

Residential Customer Impacts (Qtr.)

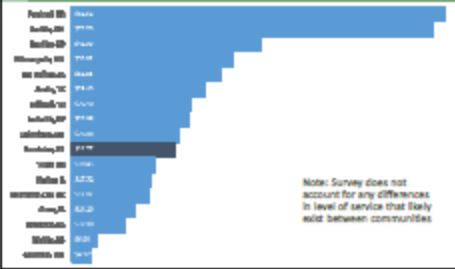
Residential	Accounts	FY 2018	Current	\$ Change
Up to 2,187 square feet	4,088	\$25.98	\$23.77	\$2.21
> 2,187 to 4,175 square feet	14,306	\$42.53	\$36.53	\$6.01
> 4,175 to 7,110 square feet	3,255	\$70.11	\$57.77	\$12.34
> 7,110 square feet	535	\$119.76	\$96.02	\$23.74

Fee Structure Evaluation

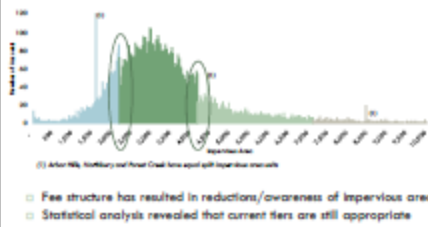
- As part of the 2007 stormwater rate study the City adopted a tiered structure for residential properties
- Tiers were developed based on the statistical distribution of impervious area within the residential customer class
- Reviewed the impacts and appropriateness of the current residential fee structure
- 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



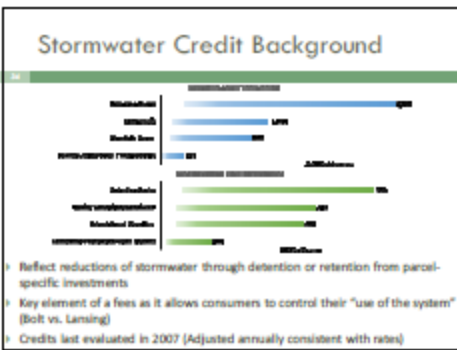
33 Credits & Incentives

Stormwater Credit Updates

Residential Credits				
	Participants	Calculated Credit (\$'s/acre)	Existing Credit (\$'s/acre)	Change
Rain-Barrels	1,390	\$	2.00	2.00 (0% of BA)
Chains or Dry Wells / Rain Gardens	125	\$	4.00	3.57 (0% of BA)
Detention Basins	1,000	\$	33.33	6.66 (0% of BA)
Blue-Note Home Participants	624	\$	1.02	1.47 (1% of BA)

Non-Residential Credits				
	Participants	Calculated Credit (\$'s/acre)	Existing Credit (\$'s/acre)	Change
Detention Basins	478	\$	25.00%	25.00% (-0.00%)
Quality Control/ Structural BMP	533	\$	6.27% of BA and \$1.25	6.46% of BA = \$1.27
Community Partners for Clean Stream	100	\$	1.00	1.27 (1% of BA)
School Based Education	200	\$	6.27% of BA and \$1.25	6.46% of BA = \$1.27

- Credits for significant on-site improvements are handled on a case-by-case basis
- Level of participants could be used as goal/performance indicator for public education



- ### Potential Additional Credits/Incentives
- 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.