TO: The Honorable Mayor and City Council

FROM: John M. Lamerato, Acting City Manager

DATE: May 9, 2005

RE: Amendment to Chapter 20 of the City Code (Water and Sewer Rates)

Please find attached an amendment to Chapter 20 of the City Code reflecting the Water and Sewer Rate adjustment discussed during the 2006-07 budget study sessions.

Due to the increased charges by the City of Detroit and the necessity to have sufficient funds to operate and maintain our system the following Water and Sewer Rates are recommended for City of Troy water bills rendered after July 1, 2006.

	Current 2005-06 Rates	**Proposed 2006-07 Rates**	**Adjustment**
Water	$22.84	$23.40	$ .56
Sewer	15.00	17.45	$2.45
	$37.84	$40.85	$3.01

The average water bill for a family of four will increase by approximately $11.74 per quarter.

CHAPTER 20 WATER AND SEWER RATES

1. Definitions. Unless the context specifically indicates otherwise, the following definitions shall apply in the interpretation of this Chapter.

   (1) "Premises" shall mean each lot, parcel of land, or building having a connection to the Water Supply System or the Sewer System of the City, or is eligible for such a connection.

   (2) "Department" shall mean the City Division of Water and Sewer.

   (3) "Director" shall mean the Director of Public Works.

   (Rev. 02-26-73)

2. Water Benefit Fee. Whenever any person shall seek a connection to a water main, as defined in Chapter 18 of this Code, he shall pay a benefit fee representing the cost of constructing such water main, except in those cases where the cost of construction has been financed by special assessment assessed to said premises or where construction has been financed by agreement with the City and paid for by the owner of the subject property. The City Council shall from time to time by resolution determine the cost to be borne by any premises which will benefit by a connection thereto.

   No permit for any connection to any water main shall be granted until the owner of the premises shall pay or agree to pay the benefit fee attributed to such property.

   (Rev. 09-25-78)

3. Water Improvement Fund Fee. Anyone seeking to make a connection to any public water main within the City shall first obtain a permit to make such connection from the Department. Prior to issuance of said permit the applicant must pay a Water Improvement Fund Fee representing the cost of construction of that portion of the City-wide water system attributable to the proportionate benefit to be received by the applicant's property.

   (Rev. 02-04-80)

3.01 Computation of Water Improvement Fund Fee. The Water Improvement Fund Fee shall be based on a unit factor system wherein each single-family residence shall be classified as one unit.

   Other occupational uses shall be charged on multiples of units as may be determined by resolution of the City Council from time to time. Said units and multiples thereof will be established and computed on the same basis as for the Sanitary Trunk and Interceptor Connection Fee contained further in this Chapter and the number of units charged to a premise shall be the same for both water and sanitary sewer.

   The Water Improvement Fund Fee shall be in the amount of $700.00 per unit, less any credit determined under Section 3.02 hereof.

   (Rev. 01-01-82)

3.02 Credit on Water Improvement Fund Fee. In the case of any premises which have been subject to special assessment for construction of a water main, a credit shall be allowed on the water improvement fund fee for the amount of such special assessment levied for indirect availability of

water service. The amount of a special assessment for indirect availability of water service shall be that amount in excess of the amount of that assessment attributable to direct benefit received by the parcel originally assessed for immediate availability of water service. The assessor shall prepare and submit to the Council for approval, by resolution, a schedule showing the amount of all such assessments for indirect availability of water service presently existing and the parcels affected thereby. Each premise shall receive a credit for its pro-rata share of the assessment as shown by said schedule. No such credit shall exceed one hundred (100%) percent of the water improvement fund fee for any premises. No such credit shall be given for any premises connection to the water supply system after July 1, 1993.

(Rev. 09-25-78)

4. Water Connection Fee. A Water Connection Fee will be charged to each premise where the City provides labor, equipment or materials to make a connection to the water main and/or to furnish or install a water meter. Such fees shall not be less than the cost of the materials, installation and overhead attributable to the particular service.

The City Council will establish, by resolution, such fees in accordance with the size of service and/or meter to be furnished. The Water Connection Fee shall be paid or the applicant shall make an agreement to pay the Fee prior to issuance of a connection permit by the City.

(Rev. 09-25-78)

5. Basis of Charges. All water service shall be charged for on the basis of water consumed, as determined by the meter installed by the Department in the premises of water or sewage disposal service customers. No free water service or sewage disposal service shall be furnished to any person.

(Rev. 02-26-73)

5.01 Water Rates. Charges for water service to each premises within the City connected with the water supply system, for each quarterly (3 month) period, shall be ~~$22.84~~ $23.40 per 1,000 cubic feet. Minimum quarterly bills shall be ~~$18.50~~ $18.95.

Private fire service lines shall be billed at a rate equal to four (4) times the minimum water bill.

Charges for water service to premises outside the City shall be 150% of those for water service within the City.

(Rev. 05-16-05)

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(Rev. 05-13-02)

5.02 Sewer Rates

A. Charges for sewage disposal, operation and maintenance service shall be levied upon all premises having any sewer connection with the public sewers.

Those premises using metered water shall pay ~~$15.00~~ $17.45 dollars per 1,000 cubic foot of water consumption for sewage disposal and maintenance charges.

(Rev. 05-10-04)

Where there is no water meter the sewage disposal and maintenance charges shall be ~~$75.00~~ $87.25.

(Rev. 05-10-04)

Water lines used solely for fire protection shall be exempt from sewage disposal and maintenance charges.

(Rev. 05-13-02)

B. 1. Rates and charges established are based upon methodology which complies with applicable EPA regulations.

2. Users of the system must be individually notified annually of costs for operation, maintenance, replacement and debt service.

C. A ready to serve charge shall be levied on each quarterly bill in the amount of ~~$12.15~~ $14.13 dollars less any amount for current consumption up to the maximum of the ready to serve charge.

(Rev. 05-10-04)

5.03 Service to City. The City shall pay the same water and sewer rates for service to it as would be payable by a private customer for the same service, except that for water furnished through fire hydrants and for the availability of such water, the City will pay the total sum of ~~$130,000.00~~ $134,000.00 per year, which charge is hereby determined to be the reasonable cost and value of such service. All such charges for service shall be payable quarterly from the current funds of the City, or from the proceeds of taxes.

(Rev. 05-16-05)

5.04 Billing. Charges for all water service and sewage disposal service shall be billed and collected quarterly by the City Treasurer. Water bills rendered shall be immediately due and payable and may be paid without penalty up to and including the fifteenth day of the month when rendered, and shall thereafter be subject to a ten (10%) per cent penalty. Bills shall be sent to "Occupant" at the metered address, unless other arrangements are made by the owner.

(Rev. 02-04-80)

6. Collection. The Director is hereby authorized to enforce the payment of charges for water service to any premises by discontinuing the water service to such premises and the payment of charges for sewage disposal service to any premises may be enforced by discontinuing either the water service or the sewage disposal service to such premises, or both, and an action of assumpsit may be instituted by the City against the customer. The charges for water service and sewage disposal service which, under the provisions of Act 94, Public Acts of 1933 of the State of Michigan, as amended, are made a lien on the premises to which furnished, are hereby recognized to constitute such lien; and the City Treasurer shall, annually, on April 1, certify all unpaid charges for such services furnished to any premises which, on the 31st day of March preceding, have remained unpaid for a period of six (6) months, to the City Assessor who shall place the same on the next tax roll of the City. Such charges so assessed shall be collected in the same manner as general City Taxes. In cases where the City is properly notified in accordance with said Act 94 of 1933, that a tenant is responsible for water or sewage disposal service charges, no such service shall be commenced or continued to such premises until there has been deposited with the City Treasurer, a sum sufficient to cover three (3) times the average quarterly bill for such premises as estimated by the Director. Where the water service to any premises is turned off to enforce the payment of water service charges or sewage disposal service charges, the water service shall not be resumed until all delinquent charges have been paid and a deposit as in the case of tenants is made, and there shall be a water turn-on charge of Twenty-Five ($25.00) Dollars. In any other case where, in the discretion of the City Treasurer, the collection of charges for water or sewage disposal service may be difficult or uncertain, he may require a similar deposit. Such deposits may be applied against any delinquent water or sewage disposal service charges and the application thereof shall not affect the right of the Treasurer or Director to turn off the water service and/or sewer service, to any premises for any delinquency thereby satisfied. No such deposit shall bear interest and such deposit, or any remaining balance thereof, shall be returned to the customer making the same when he shall discontinue receiving water and sewage disposal service or, except as to tenants at to whom notice of responsibility for such charges has been filed with the City, when any eight (8) successive quarterly bills shall have been paid by said customer with no delinquency.

(Rev. 02-04-80)

7. Sanitary Trunk and Interceptor Connection Fee. Anyone seeking to make a connection to any sanitary sewer system within the City of Troy shall first obtain a permit to make such connection from the Building Department. Prior to issuance of said permit the applicant must pay to the City a Sanitary Trunk and Interceptor Connection Fee representing the cost of construction of that portion of the City-wide sewer system attributable to the proportionate benefit to be received by the applicant's property.

(Rev. 02-26-73)

7.01 Computation. The Sanitary Trunk and Interceptor Connection Fee shall be based on a unit factor system of computation wherein each single-family residence shall be classified as one unit. Other occupational uses shall be charged on multiples of units as may be determined by resolution of the City Council from time to time. The Sanitary Trunk and Interceptor Connection Fee shall be in the amount of $200.00 per unit.

(Rev. 01-01-82)

8. Sewer Benefit Fee. Whenever any person shall seek a connection to a public sewer, as defined in Chapter 19 of this Code, he shall pay a sewer benefit fee in lieu of paying the cost of constructing such public sewer, except in those cases where the cost of construction has been financed by special assessments assessed to said premises, or by agreement and paid by the owner thereof. The City Engineer shall determine which properties shall be allowed or required to tap the public sewer based on sewer depth, distance from the public sewer, and other engineering and cost factors. The sewer benefit fee, representing the cost of construction of that portion of the City-wide sewer system attributable to the proportionate benefit to be received by the applicant's property, shall be determined by resolution of the City Council from time to time. No permit for any connection to any public sewer shall be granted until the owner of the premises shall pay or agree to pay the sewer benefit fee attributable to such property.

(Rev. 09-25-78)

9. Inspection Fee. An inspection charge of $15.00 shall be included in the cost of a water connection permit for all single family residences: Other inspection fees shall be based on estimates of actual cost to the City for labor, materials and contingencies and shall be computed by the Chief Building Inspector for Sewer and the Superintendent of Public Services for Water.

(Rev. 02-04-80)

10. Payment of Fees. The Sanitary Trunk and Interceptor Connection Fee, the Sewer Benefit Fee and Sewer Permit Fee (collectively in this Section called "Sewer Fees") and/or the Water Improvement Fund Fee, Water Benefit Fee, and the Water Connection Fee (collectively in this Section called "Water Fees") shall be paid as follows:

(Rev. 02-26-73)

10.01 Cash payments shall be made for all Sewer Fees payable for new buildings constructed in areas where public sewers, as defined in Chapter 19 of this Code, are available, or construction of same has been approved by the City Council. No building permit shall be issued for construction of a new building until all Sewer Fees have been paid and the sewer permit has been obtained.

The above regulation is also applicable to building permits for additions to existing structures other than single-family residences. Cash payment for Sewer Fees shall be made for that portion of the structure to be added, while extended payment arrangements as hereinafter provided may be made for that portion of the structure existing prior to the availability of sewer. Regardless of the method of payment chosen by the owner, sewer permits for the entire structure must be obtained prior to issuance of building permits for such additions.

(Rev. 09-25-78)

10.02 Cash payments shall be made for all Water Fees payable for new buildings constructed in areas where public Water Mains, as defined in Chapter 18 of this Code, are available, or construction of same has been approved by the City Council, and where the Water Main is to be used for such new building. When the Water Main is to be used to serve such new building, no building permit shall be issued for construction until all Water Fees have been paid and a water permit has been issued.

The above regulation is also applicable to building permits for additions to existing structures other than single family residences and where the Water Main is in use or shown to be used by the addition. Cash payment for Water Fees shall be made for that portion of the structure to be added, while extended payment as hereinafter provided may be made for that portion of the structure existing prior to the availability of water. Regardless of the method of payment chosen by the owner, when the Water Main is to be used, water permits for the entire structure must be obtained prior to issuance of building permits for such additions.

(Rev. 09-25-78)

10.03 Sewer fees and/or water fees for buildings existing in areas where sewers or water taps were not available may be paid for at the time of permit issuance, or, at the option of the owner, may be paid in equal installments, including interest at 6% per annum on the unpaid balance for a period not to exceed 40 years; one installment shall be billed with each bill for water or sewer service.

Additional principal payments may be made with any installment.

(Rev. 01-20-75)

11. Service Leads. When a sewer lead has not been provided to make an authorized connection to an available sewer, it shall be the responsibility of the benefiting property to provide same.

(Rev. 06-09-86)

12. Unauthorized Connections. In the event any connection is made to the City Sewer system without a permit having been obtained from the City Building Department for such connection, a charge of double the current Interceptor Connection Fee will be charged to the owners of the property so connected and will be collected in the same manner prescribed by the Charter for the collection of unpaid City taxes.

(Rev. 12-03-79)

13. Additional Charges. Those premises assigned sewage disposal charges for industrial cost recovery and/or high strength surcharges as required by Federal Law, shall make payment for said charges as herein provided for water and sewage disposal services.

(Rev. 02-04-80)

14. Definitions:

    (a) Industrial User: shall mean a source of discharge under regulations issued pursuant to the Federal Water Pollution Control Act, 33 U.S.C. 1342, which source originates from, but is not limited to, facilities engaged in industry, manufacturing, business, trade or research, including the development, recovery or processing of natural resources.

    (b) Commercial User: shall mean all non-domestic sources of indirect discharge, other than industrial users, as defined herein including but not limited to the following: A publicly or privately owned facility where persons are engaged in the exchange or sale of goods or services, hospitals, retail establishments and facilities operated by state governments.

    (c) Residential User: shall include schools, churches, municipal buildings and structures designed for habitation. Structures designed for habitation shall include but not be limited to single-family homes, apartment buildings, condominiums, town houses and mobile homes.

    (d) Non-residential User: shall mean any user other than an industrial user, a commercial user or a residential user.

15. High Strength Surcharge: A high strength surcharge shall be levied against all industrial and commercial users, with the exception of restaurants, which users contribute sewage to the system with pollutant concentration levels exceeding the following:

    (A) 275 milligrams per liter (mg/1) of Biochemical Oxygen Demand (BOD)

    (B) 350 milligrams per liter (mg/1) of Total Suspended Solids (TSS)

    (C) 12 milligrams per liter (mg/1) of Phosphorus (P)

    (D) 100 milligrams per liter (mg/1) of Fats, Oils and Grease (FOG)

    (Rev. 04-22-85)

16. Non-residential Flow Surcharge: The City of Troy shall pay a quarterly non-residential surcharge as established from time to time by the County of Oakland, State of Michigan, or its authorized representative, the Detroit Water and Sewer Department, and adopted by Resolution of the Troy City Council. The non-residential surcharge shall be based on the total number and size of water meters used by non-residential users of the system. Where metered water is not available, the Assigned Water Meter size shall be reported by the City in accordance with the following schedule:

Units Assigned in Accordance With the Current Oakland County Department of Public Works Schedule of Unit Assignment Factors	Assigned Water Meter Size
1 - 4	5/8" and 3/4"
5 - 10	1"
11 – 20	1-1/2"
21 - 32	2"
33 - 64	3"
65 - 100	4"
101 - 200	6"

The City shall report quarterly the total number and size of water meters used by non-residential users or alternatively, the Assigned Water Meter size pursuant to the above schedule.

17. Sanitary Wastewater Disposal Charge: The City of Troy shall pay a sanitary wastewater disposal charge. This charge shall be based on readings of the master water meters serving the Southeastern Oakland County Communities.

From these meter readings the water consumption of each municipality shall be determined. Water consumption shall be the basis for sanitary wastewater disposal charges using the formula of rate per 1,000 cubic feet, said rate as established from time to time by the Oakland County Drain Commissioner, and adopted by Resolution of the Troy City Council. If the City has individual sewer customers with metered sewage, the City shall report within 15 days following the end of each calendar quarter the total metered sewage in the City, in lieu of water consumption. Based on the quarterly report, each community shall pay a charge per 1,000 cubic feet of metered sewage, as established from time to time by Oakland County or the Detroit Water and Sewer Department, and adopted by Resolution of the Troy City Council. The rate for sewage disposal based on the metered sewage method shall be 110% of the rate established for the master meter water method.

18. Storm Water Disposal Charge:

(1) Evergreen-Farmington Sewage Disposal System: The City shall pay a charge for disposal of storm water in proportion to the area in the City served by combined sewers in the Evergreen-Farmington Sewage Disposal System and by the recorded duration of the spill at the Acacia and Bloomfield Regulators. Said charge will be as established from time to time by Oakland County or the Detroit Water and Sewer Department, and acknowledged by Resolution of the Troy City Council.

(2) Southeastern Oakland County Sewage Disposal System S.O.C.S.D.S.): The entire flow from the S.O.C.S.D.S. enters the Detroit treatment plant through the Dequindre Interceptor, which contains a master meter. The metered flow is reduced by the amount of water consumption for the system. This reduced flow shall be multiplied by a land use factor to determine the City's share of the flow. Storm water disposal charges shall be determined by using a formula of rate per 1,000 cubic feet, as established from time to time by the Oakland County Drain Commissioner, and acknowledged by Resolution of the Troy City Council.

(Rev. 04-22-85)