

May 31, 2005

TO: John Szerlag, City Manager

FROM: Brian Murphy, Assistant City Manager/Services
Mark Stimac, Director of Building and Zoning 
Nino Licari, City Assessor
Steven Vandette, City Engineer 

SUBJECT: **Agenda Item** – Sewer Benefit Fee District Options for Charnwood Subdivisions Area, Section 6

Attached you will find the complete agenda item from the May 23rd Council study meeting along with the maps delineating the four (4) districts considered. Several questions were asked at the study meeting, relative to this item, that were verbally answered by staff in attendance. A written summary of the questions asked by Council and residents and answers from staff follow:

Q. Is the presentation available on the web?

A. The May 23rd presentation is available on the city's website at: <http://www.ci.troy.mi.us/council/AgendaPackets/PublicAgenda%2020050523%20Charnwood%20Sewer%20District%20Options.pdf>

Q. What would happen if a septic failure occurs outside of an approved Benefit Fee Sewer District area?

A. Septic failure does not require that the resident hook-up to sanitary sewer. The first option is to determine if the septic system can be repaired economically. If a repair or replacement were not feasible or cost effective, then a sanitary sewer may be extended to service the property but the ultimate financial responsibility would be with the homeowner. The resident would have 18 months to connect to the new sanitary sewer. All other structures within 200 feet of the new sanitary sewer would also be required to connect to the system within 18 months of sanitary sewer being available.

City Council could approve enlarging a district to include additional properties and set the fee to match another district at that time by adjusting the cost, but should be aware that any reduction from the actual cost would be born by the City at large.

Q. Why are the petitions considered invalid?

A. The petitions that were submitted were for a Special Assessment District (SAD) for sanitary sewers. Since the SAD project was abandoned in January the petitions are not valid for another project. The percentages used in the presentation are based on the petitions that were submitted and are included as a representation of support for sewers in the various districts.

Q. If the Sewer Benefit Fee were approved for a certain district, would septic inspections occur within that area?

A. No inspections would take place if sewers were approved for a district. The primary purpose of the septic inspections is to ensure that the system is functioning properly. The first option for a septic system that has failed is to repair the system.

Additionally, the four (4) resolutions presented at the May 23rd Council study meeting have been revised to remove any reference to asphalt paving or chip seal due to the length of time until an actual paving project would take place. The four (4) resolutions to be considered tonight are attached.

In summary, the four (4) districts for consideration are:

Sewer Benefit Fee District Options	Est. Cost/Parcel	District Size	% Support
A) Northwest Charnwood, West of Beach	\$17,784	22 Parcels	36.4%
B) East Charnwood, East of Beach	\$15,536	70 Parcels	62.9%
C) East and Southwest Charnwood	\$15,515	114 Parcels	56.6%
D) Single Charnwood District	\$15,720	165 Parcels	below 50%

(All costs rounded to nearest dollar)

City Council may choose to initiate a Sewer Benefit Fee project for any one of the districts by adopting Resolution D or any combination of Resolution A, B or C. Resolutions are delineated on Page 3 and Page 4. Engineering work would proceed for any approved district and the preliminary construction timeline would be receipt of bids in early 2006 and construction in the spring of 2006. As with special assessment projects, if the bid cost of the sewer is more than 5% over or under the estimated cost the Benefit Fee would be adjusted. If the lowest bid is over 5% the property owners would be polled to determine if the project should still go forward. Council action, if so desired, would be required to abandon the project.

Resolution A - Charnwood District "A"

RESOLVED, that the Sewer Benefit Fee as provided in Chapter 20 – Water and Sewer Rates, Section 8 of the Troy City Code, last amended on April 18, 2005 shall be \$17,784 per parcel based on the total estimated cost of sanitary sewer construction in Charnwood District "A" divided by the number of properties benefiting from the sewer, as described in a report by the City Manager dated May 17, 2005 a copy of which shall be attached to and made a part of the minutes of this meeting; and

BE IT FURTHER RESOLVED, that the Engineering Department shall proceed with plans and specifications for sanitary sewers to be constructed within the Charnwood District "A" in the summer of 2006;

Resolution B - Charnwood District "B"

RESOLVED, that the Sewer Benefit Fee as provided in Chapter 20 – Water and Sewer Rates, Section 8 of the Troy City Code, last amended on April 18, 2005 shall be \$15,536 per parcel based on the total estimated cost of sanitary sewer construction in Charnwood District "B" divided by the number of properties benefiting from the sewer, as described in a report by the City Manager dated May 17, 2005 a copy of which shall be attached to and made a part of the minutes of this meeting; and

BE IT FURTHER RESOLVED, that the Engineering Department shall proceed with plans and specifications for sanitary sewers to be constructed within the Charnwood District "B" in the summer of 2006;

Resolution C - Charnwood District "C"

RESOLVED, that the Sewer Benefit Fee as provided in Chapter 20 – Water and Sewer Rates, Section 8 of the Troy City Code, last amended on April 18, 2005 shall be \$15,515 per parcel based on the total estimated cost of sanitary sewer construction in Charnwood District "C" divided by the number of properties benefiting from the sewer, as described in a report by the City Manager dated May 17, 2005 a copy of which shall be attached to and made a part of the minutes of this meeting; and

BE IT FURTHER RESOLVED, that the Engineering Department shall proceed with plans and specifications for sanitary sewers to be constructed within the Charnwood District "C" in the summer of 2006;

or

Resolution D - Charnwood District "D"

RESOLVED, that the Sewer Benefit Fee as provided in Chapter 20 – Water and Sewer Rates, Section 8 of the Troy City Code, last amended on April 18, 2005 shall be \$15,720 per parcel based on the total estimated cost of sanitary sewer construction in Charnwood District "D" divided by the number of properties benefiting from the sewer, as described in a report by the City Manager dated May 17, 2005 a copy of which shall be attached to and made a part of the minutes of this meeting; and

BE IT FURTHER RESOLVED, that the Engineering Department shall proceed with plans and specifications for sanitary sewers to be constructed within the Charnwood District "D" in the summer of 2006;



500 West Big Beaver
Troy, Michigan 48084
www.troymi.gov

Area code (248)

Assessing
524-3311

Bldg. Inspections
524-3344

Bldg. Maintenance
524-3368

City Clerk
524-3316

City Manager
524-3330

Community Affairs
524-1147

Engineering
524-3383

Finance
524-3411

Fire-Administration
524-3419

Human Resources
524-3339

Information Services
619-7279

Law
524-3320

Library
524-3545

Parks & Recreation
524-3484

Planning
524-3364

Police-Administration
524-3443

Public Works
524-3370

Purchasing
524-3338

Real Estate & Development
524-3498

Treasurer
524-3334

General Information
524-3300

May 27, 2005

Re: Charnwood Sanitary Sewers

Dear Property Owner:

The Troy City Council will review and will consider alternate sewer districts within the Charnwood area at the regular Council meeting on June 6, 2005 at 7:30 p.m. in the Council Chambers.

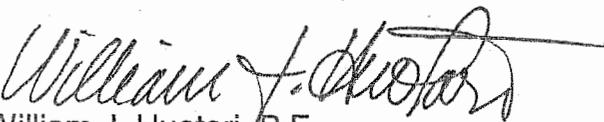
At the May 23rd Council study meeting, city staff presented alternate sewer districts in the Charnwood area. The presentation can be found on the city's website at:

<http://www.ci.troy.mi.us/council/AgendaPackets/PublicAgenda%2020050523%20Charnwood%20Sewer%20District%20Options.pdf>

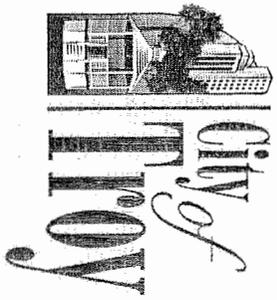
As you may know, City Council requested that the potential for alternate sewer districts be investigated following the defeat last January of the proposed special assessment project for sewers throughout all Charnwood subdivisions.

We look forward to seeing you on June 6th. Please feel free to call me at 524-3387 should you have any questions.

Sincerely,

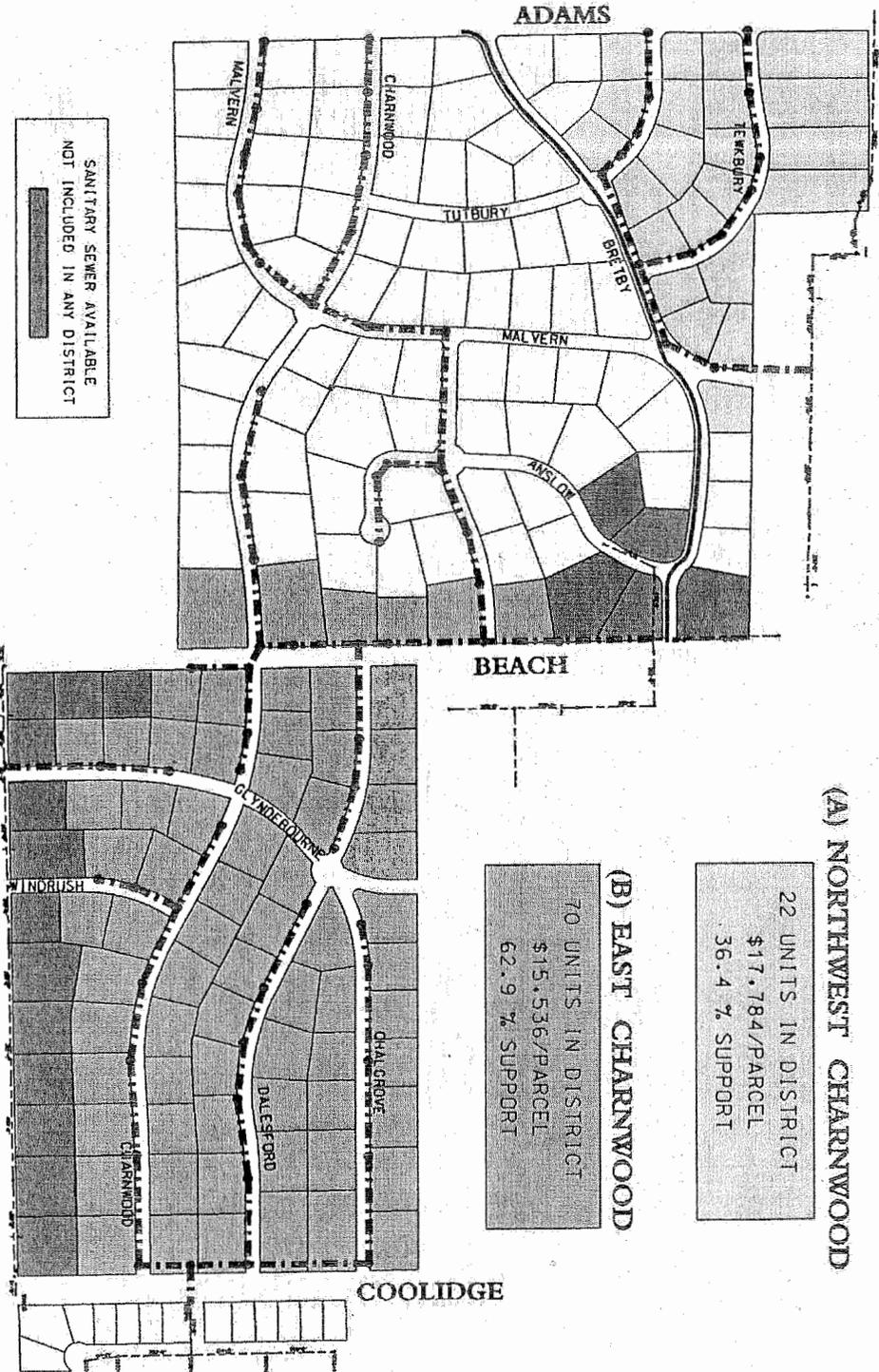

William J. Huotari, P.E.
Deputy City Engineer

cc: City Council
Brian Murphy, Asst. City Manager/Services
Tim Richnak, Public Works Director



Sanitary District Options Charnwood Hills

CHARNWOOD SANITARY SEWER SUBDISTRICTS A & B

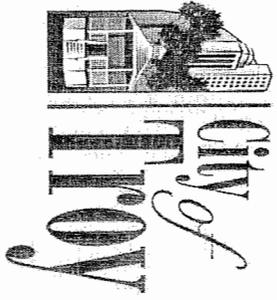


(A) NORTHWEST CHARNWOOD

22 UNITS IN DISTRICT
\$17,784/PARCEL
36.4 % SUPPORT

(B) EAST CHARNWOOD

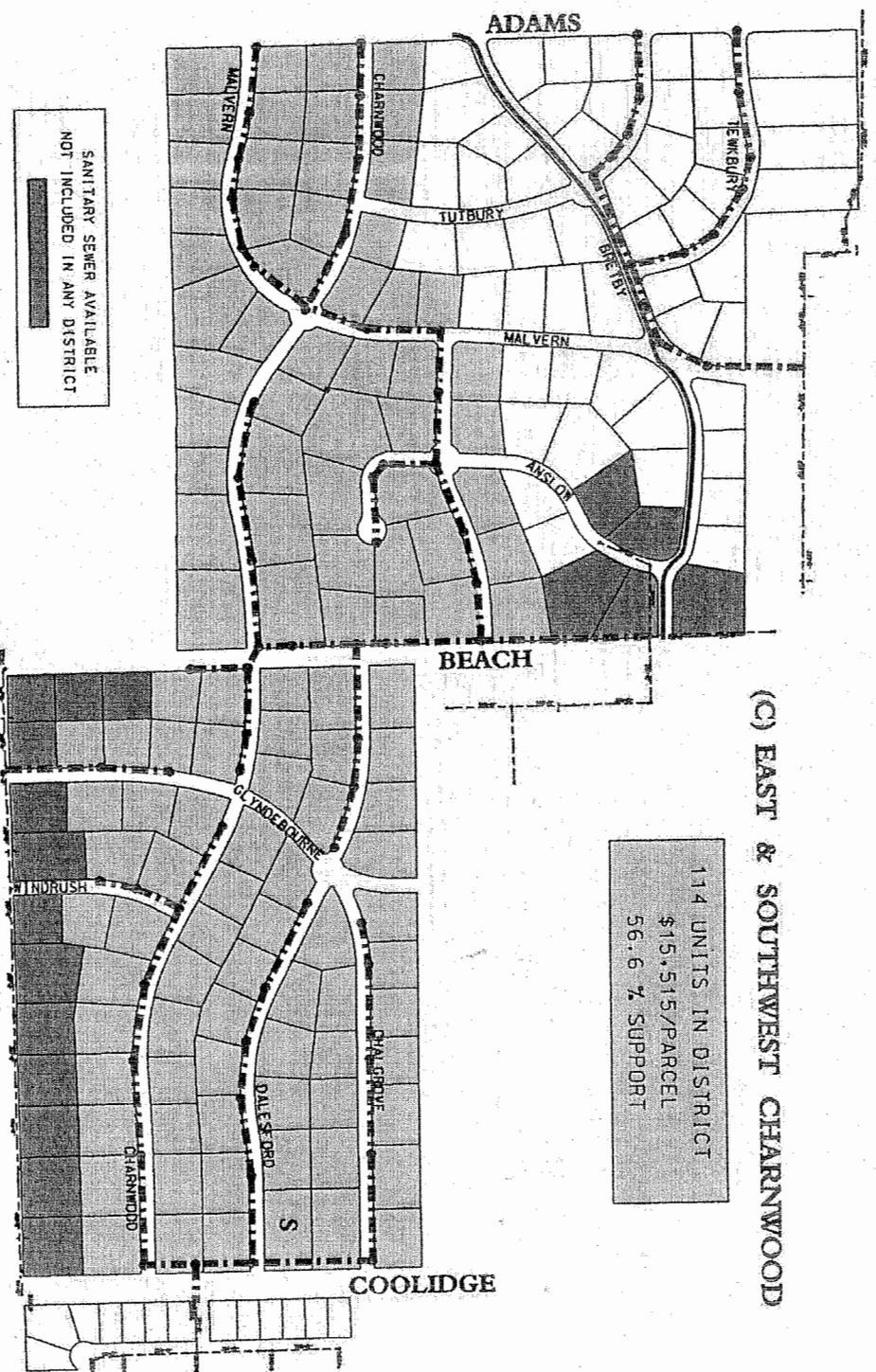
70 UNITS IN DISTRICT
\$15,536/PARCEL
62.9 % SUPPORT

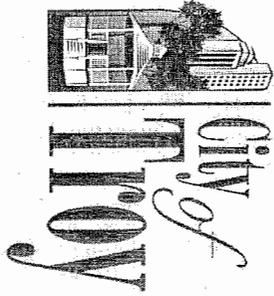


Sanitary District Options Charnwood Hills

CHARNWOOD SANITARY SEWER SUBDISTRICT C

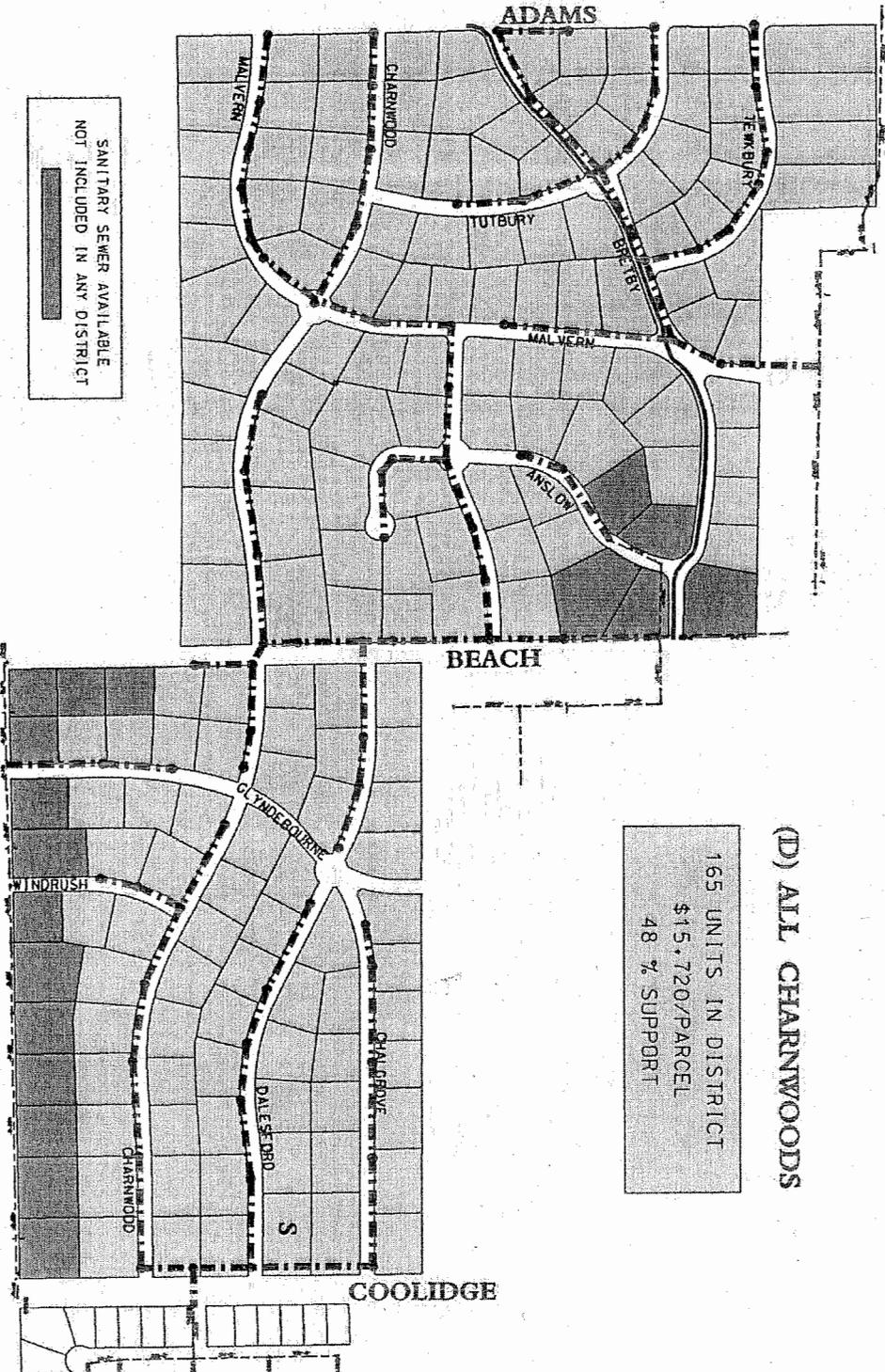
(C) EAST & SOUTHWEST CHARNWOOD





Sanitary District Options Charnwood Hills

CHARNWOOD SANITARY SEWER SUBDISTRICT D



prelimsanitary.dgn 5/13/2005 11:49:42 AM

MAY 23rd STUDY SESSION ITEM

May 17, 2005

TO: John Szerlag, City Manager

FROM: Brian Murphy, Assistant City Manager/Services
Mark Stimac, Director of Building and Zoning
Nino Licari, City Assessor
Steven Vandette, City Engineer

SUBJECT: **Agenda Item** – Sewer Benefit Fee District Options for Charnwood Subdivisions Area, Section 6

Sewer Benefit Fee Background:

The Sewer Benefit Fees approved by Council on April 18th (see attached) provided a new method for calculating Benefit Fees for new sewer extensions. The cost of a new sewer constructed by the City for either servicing an area without sewers or to address a septic system failure(s) will now be determined on a project-by-project basis. The Benefit Fee is unique for each project and is based on the total cost of the sewer extension divided by the number of properties benefiting from the sewer at the time of construction. This Benefit Fee is established by a resolution of City Council for each sewer project.

Payments for sewers constructed using the Sewer Benefit Fee approach are made over a 40-year period at 6% interest on the unpaid balance. Vacant lots must pay the Sewer Benefit Fee, in total, at the time of building permit issuance.

Additionally, for any lot created from splitting property that benefited from a sanitary sewer extension constructed after April 18, 2005 the lot or lots created will pay either the Benefit Fee applicable to that property's zoning classification or the proportionate share of the Benefit Fee established at the time of sewer construction, whichever is greater.

Charnwood Sewer District Options:

During deliberations and subsequent action on the proposed special assessment projects for sanitary sewer and paving improvements, Council requested that staff look at subdividing the Charnwood area into smaller sewer districts. Council reviewed these smaller districts during the study meeting of March 7th at which time city management indicated the item would be brought forward for Council consideration at a Council meeting in May and all Charnwood residents would be notified by mail. Any

one of these smaller districts or the entire area as a single district may be created by City Council and implemented using the Sewer Benefit Fee approach.

The following Sewer Benefit Fee district options have been designed to achieve two main goals. Each option allows for efficient extensions of existing sewers into each district as well as providing for future extensions into adjoining areas. Except for the district encompassing the entire Charnwood area, the district options have also been designed to maximize the number of residents that are interested in sewers as indicated by petitions previously received by the city. The district options and their estimated Sewer Benefit Fees per parcel are as follows (see attached maps):

Sewer Benefit Fee District Options	Est. Cost/Parcel	District Size	Support %
A) Northwest Charnwood, West of Beach	\$17,784	22 Parcels	36.4%
B) East Charnwood, East of Beach	\$15,536	70 Parcels	62.9%
C) East and Southwest Charnwood	\$15,515	114 Parcels	56.6%
D) Single Charnwood District	\$15,720	165 Parcels	below 50%

(All costs rounded to nearest dollar)

City Council may choose to initiate a Sewer Benefit Fee project for any one of these districts by adopting resolutions A, B, C or D or some combination thereof. Engineering work will proceed for the approved district and the preliminary construction timeline would be receipt of bids in early 2006 and construction in the spring of 2006. As with special assessment projects, if the bid cost of the sewer is more than 5% over or under the estimated cost the Benefit Fee would be adjusted. If the lowest bid is over 5% the property owners would be polled to determine if the project should still go forward. Council action, if so desired, would be required to abandon the project.

Paving in Charnwood:

It is recommended that Council initiate a special assessment project for asphalt paving coinciding with any direct Benefit Fee sewer district approved by City Council. It is also recommended that Council initiate a special assessment project for chip seal treatment for all areas within Charnwood not approved for sewers. If no sewer district is approved, the chip seal project should include all Charnwood subdivisions.

The Charnwood area is the single largest area in the City without sanitary sewers and asphalt paving. The existing streets consist of a gravel base, with a double layer of chip seal surface treatment that was applied in the early 1990's and financed by special assessment. The roads, although remarkably serviceable on many blocks, have been increasingly maintained by asphalt patching work performed by our DPW. It has been 13 years since the chip seal application, which has a service life of approximately 6 years. Without any action, the road deterioration may accelerate and the roads may revert to gravel. Within the sewer district, the roads will not hold up to heavy construction equipment and will be turned completely into gravel roads.

As Council may recall, the proposed sewer special assessment project early this year was coupled with a separate special assessment project for asphalt paving. Throughout Charnwood the support for paving at a cost of \$5,803 was approximately 50%.

Due to the current volatility of oil prices, asphalt prices have risen 20-40% since last fall. Because of these fluctuations for the foreseeable future, City staff recommends deferring action on a special assessment project for paving until early 2006. This time frame will coincide with bidding the sewer project and place the actual paving work within the desired one-year time frame after confirmation of the special assessment project. Should Council wish to pursue any one of the district options, a paving cost estimated for that district can be provided based on current asphalt prices.

Because the size of the chip seal project will depend on the size of any sewer district that may be approved, staff will return this summer with a chip seal project for Council to initiate as a special assessment project (SAD). If approved, this project would be done late this summer or early fall.

Summary of Sewer Benefit Fee District Options:

Council Approves Sewer Benefit Fee District & SAD Asphalt Paving	Est. Sewer Cost/Parcel	District Size	SAD Paving Cost
A) Northwest Charnwood, West of Beach (SAD Chip Seal All Streets East of Beach, West of Beach Excluding Northwest Charnwood Sewer District)	\$17,784	22 Parcels	TBD 2006
B) East Charnwood, East of Beach (SAD Chip Seal All Streets West of Beach)	\$15,536	70 Parcels	TBD2006
C) East and Southwest Charnwood (SAD Chip Seal Streets West of Beach/North of Sewer District)	\$15,515	114 Parcels	TBD 2006
D) Single Charnwood District (SAD for Asphalt Paving)	\$15,720	165 Parcels	TBD 2006 (\$5,803/parcel 2005 estimate)

ATTACHMENT

April 18, 2005 Resolution - Update of Sanitary Sewer Benefit Fees

RESOLVED, that the Sewer Benefit Fees as provided in Chapter 20 – Water and Sewer Rates, Section 8 of the Troy City Code, last amended in 1989, are hereby revised as recommended in a report by the City Manager dated March 30, 2005, a copy of which shall be attached to and made a part of the minutes of this meeting, as follows:

Single Family Residences

<u>Zone Districts</u>	<u>Min. Lot Size</u>	<u>Existing Fee</u>	<u>Proposed Fee</u>
R-1E	60	\$2,400	\$3,000
R-1D	75	\$3,000	\$3,750
R-1C	85	\$3,400	\$4,250
R-1B	100	\$4,000	\$5,000
R-1A	120	\$4,800	\$6,000

All Other Uses and Zones

\$50/front foot
Minimum \$3,000

BE IT FURTHER RESOLVED, that the Sewer Benefit Fee for any sanitary sewer constructed by the City of Troy after April 18, 2005 shall be determined on a project-by-project basis based on the total cost of the sewer extension divided by the number of properties benefiting from the sewer at the time of construction.

BE IT FURTHER RESOLVED, that for sewers constructed after April 18, 2005 by any entity or agency other than the City of Troy, the Sewer Benefit Fee payable by all properties benefiting from the sewer construction shall be based on the zoning classification of the property.

BE IT FINALLY RESOLVED, that for any lot created from splitting property benefiting from a sanitary sewer extension constructed after April 18, 2005 by the City of Troy, the lot or lots created shall pay either the Benefit Fee applicable to that property's zoning classification or the proportionate share of the Benefit Fee established at the time of sewer construction, whichever is greater.