CITY OF AUBURN HILLS

City Council Workshop

Minutes

August 7, 2023

CALL TO ORDER: Mayor McDaniel at 5:22 PM

LOCATION: Admin Conference Room, City Hall, 1827 N. Squirrel Rd, Auburn Hills, MI 48326

Present: Mayor McDaniel, Council Members Carrier, Cionka, Hawkins, Knight, Marzolf, and Verbeke

Absent: None

Also Present: City Manager Tanghe, Assistant City Manager Skopek, City Attorney Beckerleg, Clerk Pierce, Fire Chief Massingill, City Planner Keenan, Construction Coord Lang, DPW Director Baldante, Mgr of Public Utilities Deman, Mgr of Roads & Fleet Hefner, Management Assistant Hagge, Engineers Juidici & Russell

0 Guests

The workshop was held to discuss stormwater issues & stormwater utility.

Mr. Baldante explained the basics of the stormwater system. He explained that the stormwater infrastructure collects and safely conveys the stormwater. The stormwater infrastructure has an approximate lifespan of 50-80 years. It is regulated by the Clean Water Act. There is no dedicated funding source for the stormwater infrastructure system. The infrastructure consists of pipes, manholes, catch basins, detention ponds, green infrastructure, culverts, streams, rivers, and drains.

Mr. Baldante listed the value of the infrastructure system. He stated that storm water from one home travels through $7.7 million worth of infrastructure before leaving the City. He compared the budget of the sanitary system, the water system, and the stormwater system. The stormwater system budget does not include the rehabilitation and repair of aging pipes, sewer jetting/cleaning and inspections, and the replacement of undersized sewers. He presented a long-term outlook of the stormwater system with investment into preventative maintenance and noted that currently 12% of the system is in need of repair.

Mr. Juidici discussed the costs of maintaining the stormwater infrastructure. He explained that the City is starting to have age-related issues that need to be addressed. He explained what is involved in maintaining the system, which would have an annual cost of $3.16 million.

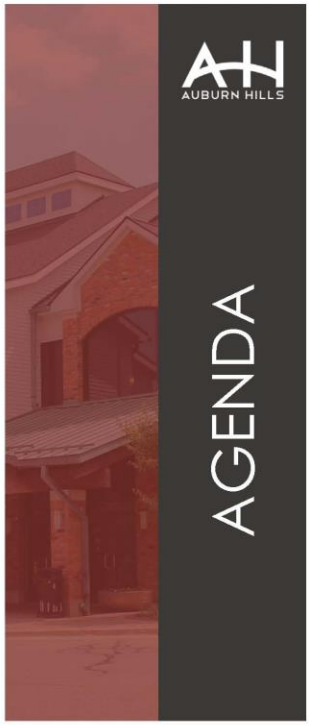
Ms. Russell explained that there are currently 12 communities in Michigan with a stormwater utility. She noted that there is proposed legislation that would provide a framework for setting up a stormwater utility. Discussion ensued regarding funding. Mr. Baldante explained the options for funding a stormwater system such as a stormwater utility (user fee), a tax millage, or through the general fund. Mr. Baldante confirmed that approximately $300K is spent on the stormwater infrastructure annually.

Mr. Baldanted stated that the next steps would be to research the stormwater utility program. Discussion ensued on what the program may look like and what would be considered.

The meeting adjourned at 6:55 PM.

Kevin R. McDaniel, Mayor

Laura M. Pierce, City Clerk



- Introductions
- Basics of Stormwater
- Auburn Hills Infrastructure and Budget
- Stormwater Issues in Auburn Hills
- Funding Stormwater Infrastructure Options

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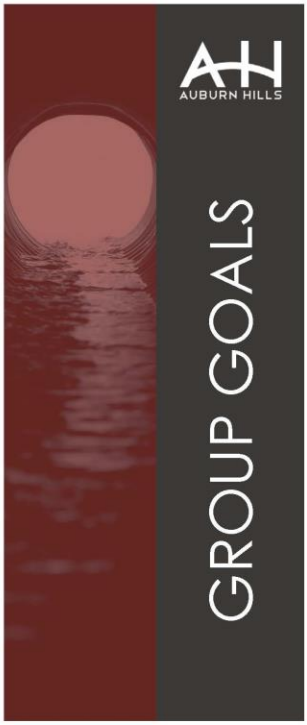

- Basics of Stormwater (Stormwater 101)
- Budget Realities
- Costs of maintaining our infrastructure
- Funding Options

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BASICS
STORMWATER 101

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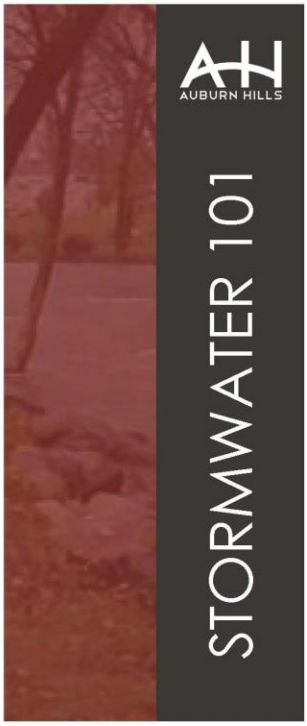

Stormwater Infrastructure Addresses *Quality of Life:*

- Public safety
- Public health
- Flood control
- Economic health
- Environmental concerns

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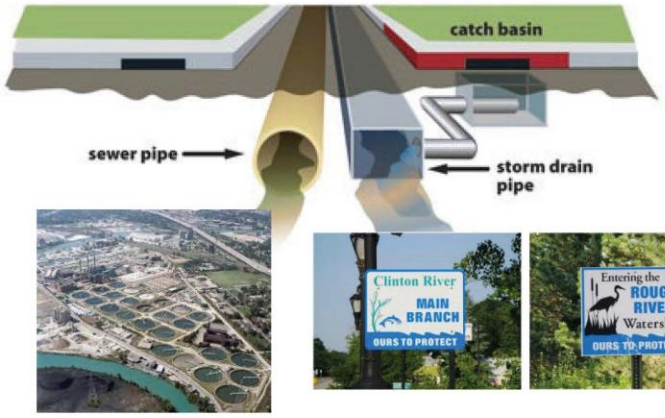
Stormwater Collection and Discharge



Detroit Treatment Facility

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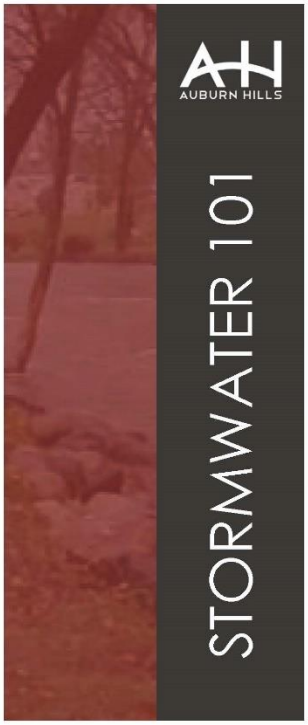

Stormwater Infrastructure

- Collects and safely conveys stormwater
- Limited lifetime (50-80 years)
- No dedicated funding source
- Regulated by *Clean Water Act*

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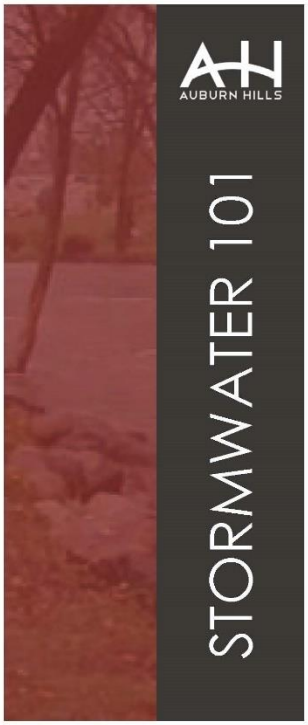

Infrastructure Components

www.centrygrp.com

- Pipes
- Manholes
- Catch Basins

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STORMWATER 101
Infrastructure Components
• Detention Ponds
• Green Infrastructure
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AUBURN HILLS
STORMWATER 101
Infrastructure Components
• Culverts
• Streams, Rivers, Drains
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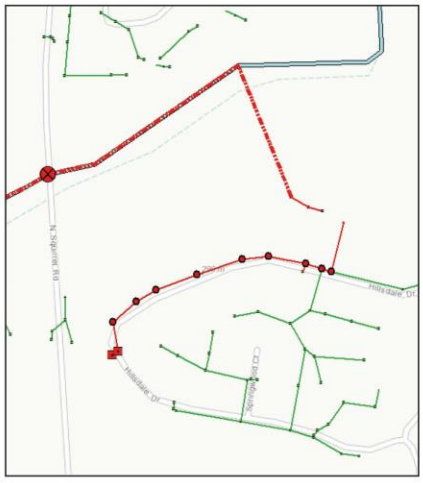
How We Depend on Stormwater Infrastructure



Water from a residence flows through:

- 4 catch basin inlets
- 13 manholes
- ½ mile of storm sewer

Then into Galloway Drain…

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BUDGET REALITIES

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Infrastructure Value

Asset	Value
½ mile of storm sewer	$140,000
9 manholes	$22,500
2 catch basins – inlets	$2,500
6 culverts	$3,000,000
5.5 miles open channel*	$4,500,000
Total	**$7,665,000**

*Assume ~$150/ft for open channel

Storm water from one home, travels through $7.7 million worth of infrastructure before leaving the City!

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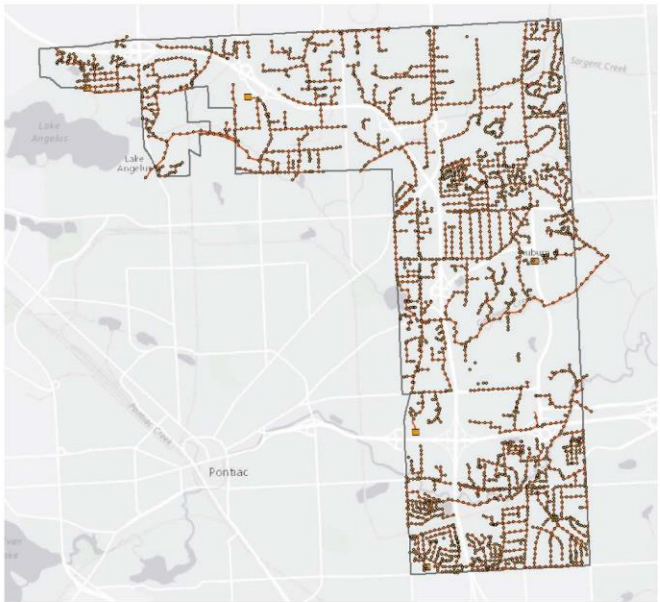

Sanitary System

- 136 miles sewer
- 3,200 manholes
- 4 lift stations

Annual budget: $9.1 million

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BUDGET REALITIES

Drinking Water System

- 182 miles pipeline
- 2,620 hydrants
- 2,905 valves
- water tower

Annual budget: $9.5 million

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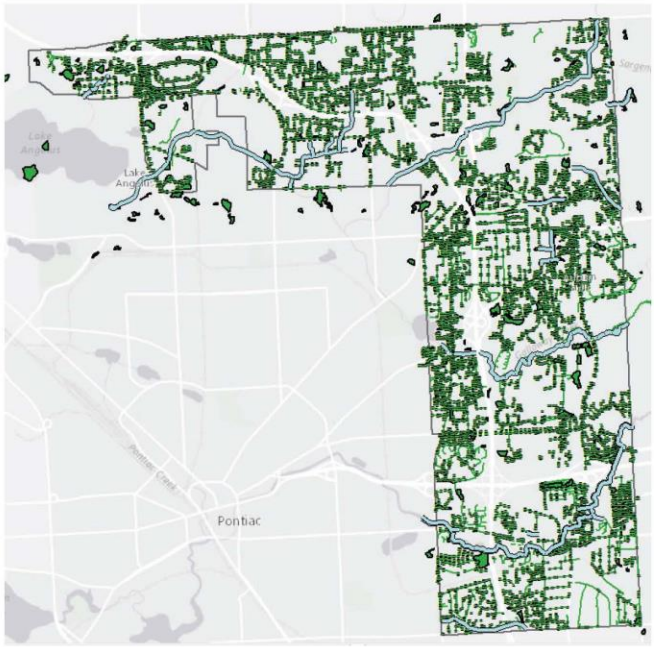
BUDGET REALITIES



Storm Water System

- 225 miles sewer
- 22 miles open channel
- 3,000 manholes
- 2,754 catch basins
- 30 major culverts

Annual budget: $310,000

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What's NOT Included…

- Rehabilitation and repair of aging pipes
- Sewer jetting/cleaning and inspections
- Replacement of undersized sewers

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Stormwater Assets

Asset	Value
Storm sewer (225 miles)	$85,000,000
Manholes	$8,000,000
Catch basins - inlets	$9,000,000
Culverts	$12,000,000
Total	**$114,000,000**

This does *not* include the 22 miles of rivers, creeks, drains that run through Auburn Hills!

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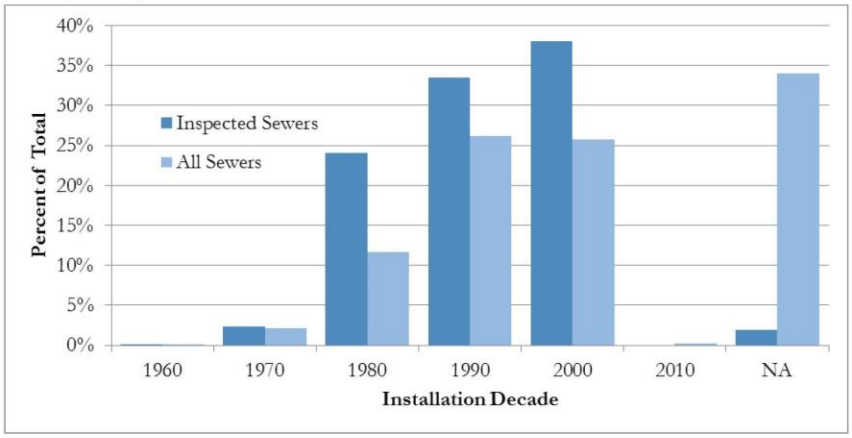
BUDGET REALITIES

Aging Infrastructure

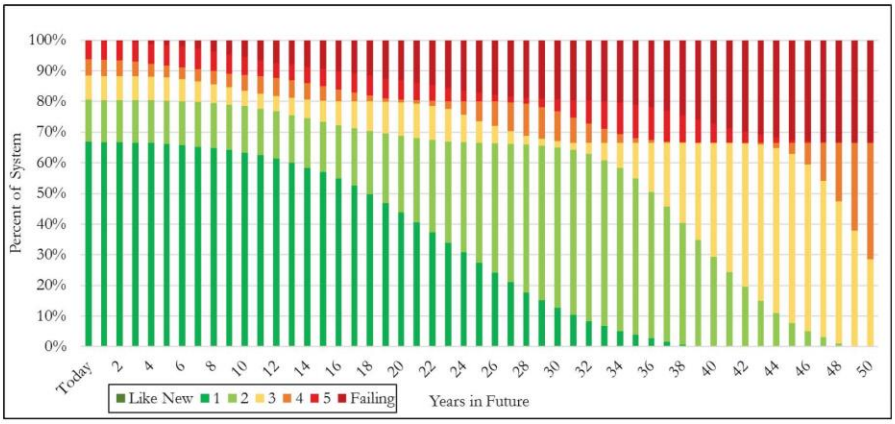


The average system is about 30 years.

BUDGET REALITIES

System Will Degrade if We Don't Invest

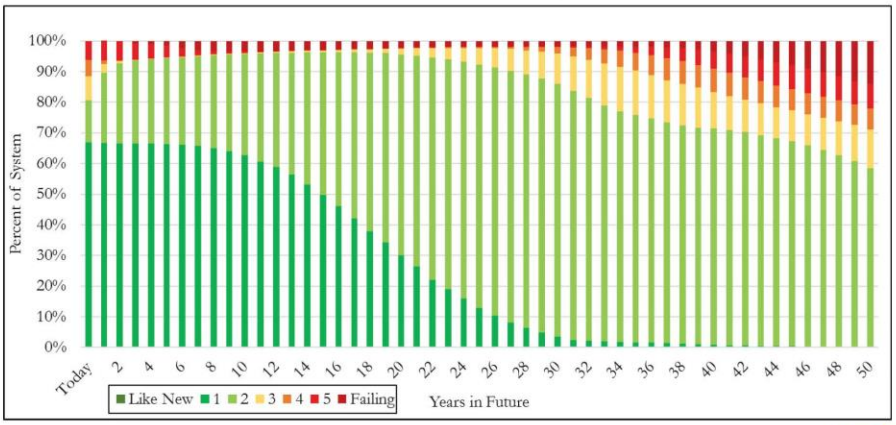
Current funding level → **System Deterioration**



BUDGET REALITIES

Long-term Outlook *with* Investment

Preventative Maintenance - $600,000 per year



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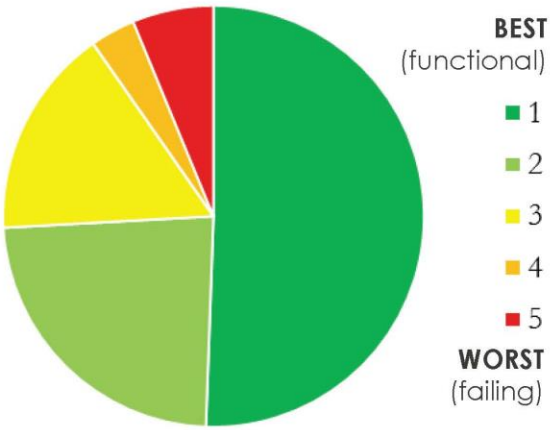
BUDGET REALITIES

Structural Condition of Manholes



10% of system (~320 MHs) in need of repair

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BUDGET REALITIES

Failing manholes = roadway collapse (sinkholes)

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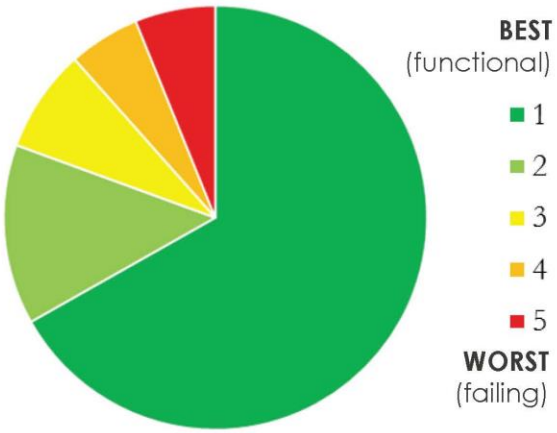
BUDGET REALITIES

Structural Condition of Manholes



12% of system (~28 miles) in need of repair

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- **Manhole Cleaning, Inspection, Maintenance**
  - $105,000
- **Manhole Rehab & Replacement**
  - $95,000
- **Catch Basin Cleaning, Inspection, Replacement**
  - $160,000
- **Treatment BMP Cleaning**
  - $50,000/yr
- **New BMPs & Depreciation**
  - $35,000/yr
- **Detention Pond Inspection**
  - $25,000/yr
- **City Follow Up (0.1 FTE)**
  - $10,000

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MAINTENANCE COSTS

Sewer Pipes

Cleaning/Inspection (20yr / 5yr cycle)
- $280,000/yr

Stormwater Component of Road Projects
- $200,000/yr

Known Problems, Repair & Replace (10-year CIP)
- $500,000/yr

System wide rehabilitation
- $600,000/yr

Address Undersized Pipes (20-year plan)
- $240,000/yr

Total: $1.82 million per year

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MAINTENANCE COSTS

Open Channels

Streambank Stabilization (~850 feet/year)
- $210,000/yr

Streambank and Culvert Inspection (10-year cycle)
- $15,000/yr

Illicit Discharge Elimination (5 yr cycle for MS4 permit)
- $10,000/yr

Woody Debris Management
- $15,000/yr

Bridge and Culvert Projects
- $150,000/yr

Total: $400,000 per year

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Additional Costs

Street Sweeping
- $70,000/yr

Personnel (assume 2.0 FTE)
- $200,000/yr

Information Services / GIS / hardware
- $20,000/yr

Community Education and Outreach
- $15,000/yr

Debt Service
- $150,000/yr

Total: $455,000 per year

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Proposed Program

Item	Annual Cost
Manholes	$200,000
Sewer pipes	$1.82 million
Catch basins	$160,000
Treatment & BMPs	$85,000
Open channel	$400,000
Detention ponds	$35,000
Additional services	$455,000
Total Annual Cost	**$3.16 million**

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RECAP: Stormwater 101
City Budgets for Infrastructure

120 miles of sewer
3,200 manholes
6 pump stations
5 employees

Budget: ~$9 million/year
Revenue source: User Fee

180 miles of water main
2,800 hydrants
Water tower
6 employees

Budget: ~$10 million/year
Revenue source: User Fee

225 miles of storm sewer
22 miles open channel
3,000 manholes
2,754 catch basins
30 major culverts
½ employee

Budget: ~$310,000/year
Revenue source:
General Fund

Infrastructure Deterioration

Average infrastructure life is 75 years:

Annual asset recovery is **~$1,520,000**

Annual rehab budget should be targeted at around $1.5 million

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National Trends

- Cities Across the country continue to adopt stormwater utilities (2,500 cities as of 2022*)
- Stormwater utilities exist for cities ranging from 88 people to 10 million people*
- Nine states have more than 100 cities* with stormwater utilities (Minnesota, Ohio, Wisconsin, Indiana included)
- Average residential bill: $6.01/month*

** Data Source: Western Kentucky University Stormwater Utility Survey 2022*

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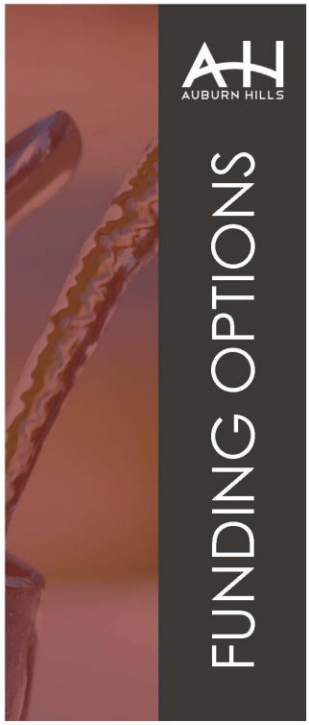

Stormwater Utilities

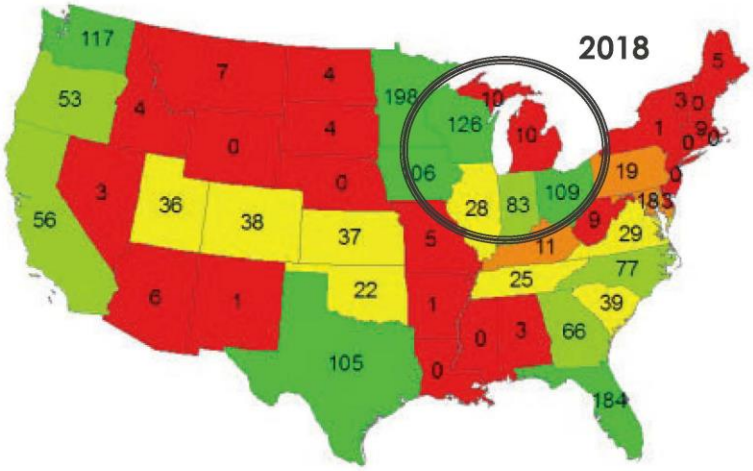

Image Source: Western Kentucky University Stormwater Utility Survey 2018

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Stormwater Utilities

SWUs 2022 by State

Image Source: Western Kentucky University Stormwater Utility Survey 2022

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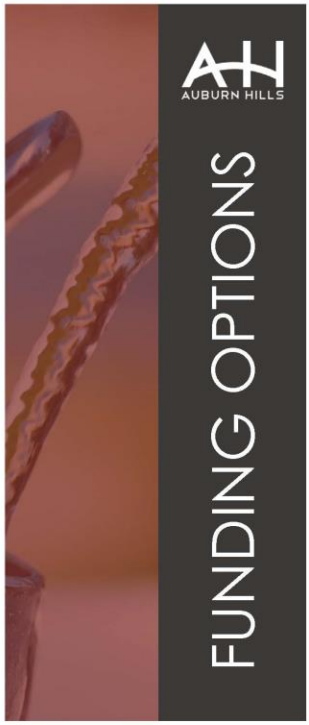

Michigan Caselaw

- Binns and DAART v City of Detroit
- Platt Convenience Inc. v City of Ann Arbor
- Other post-Bolt cases have supported similar fees
- Key question: fee or tax? Recent caselaw supports the stormwater utility billing concept

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Legislative Update

Last time Stormwater Utility Bill was introduced

Senate Bill 593
"Stormwater Utility Act"

1. Introduced by Senator Bayer in July 2021
2. Sets a framework for Stormwater Utilities
3. Undergoing changes to simplify language; aiming to reintroduce during next legislative session (early 2023)

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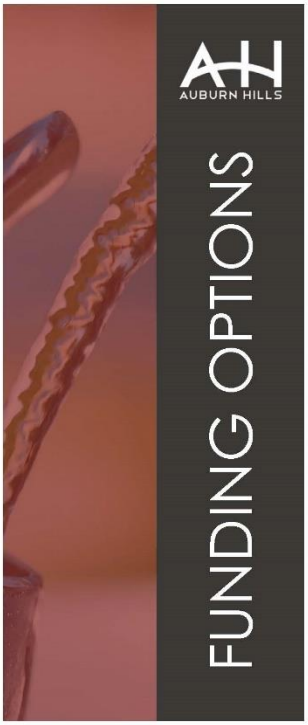

Trends and Best Practices

- Proposed Legislation
- Stormwater Management Plan
- Funding – Fee vs Tax, SRF
- Best Practices

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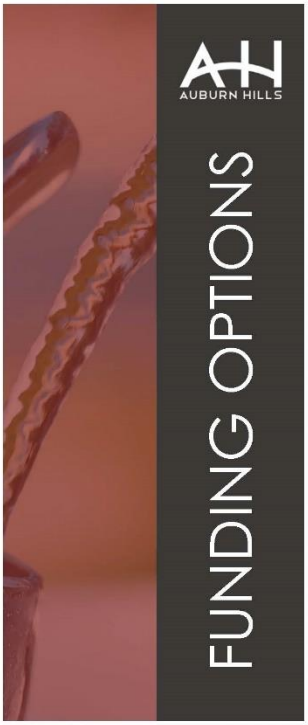

Stormwater Utility "Tests"

1. The fee serves a regulatory purpose rather than revenue-raising purpose
2. The fee is proportional to system rendered
3. The fee is voluntary to property owners can refuse or limit their use of the stormwater system

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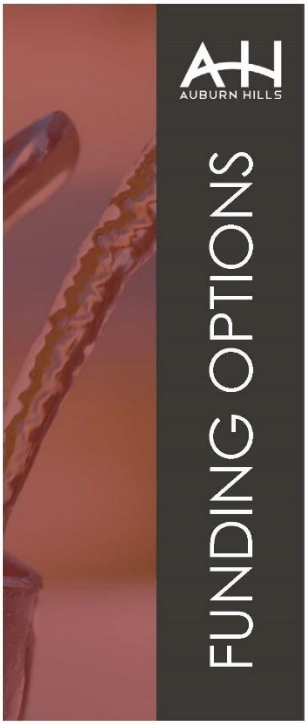

Credit Program

- Provides an opportunity for property owners to reduce stormwater charge for MANAGING stormwater onsite
- Based on reducing peak flows AND volume
- Two separate programs for Commercial and Single Family Residential
- Provides incentive to maintain stormwater controls on their property

Image Source: City of Royal Oak

Image Source: City of Palo Stormwater

Image Source: DWSD Stormwater Management Design Manual

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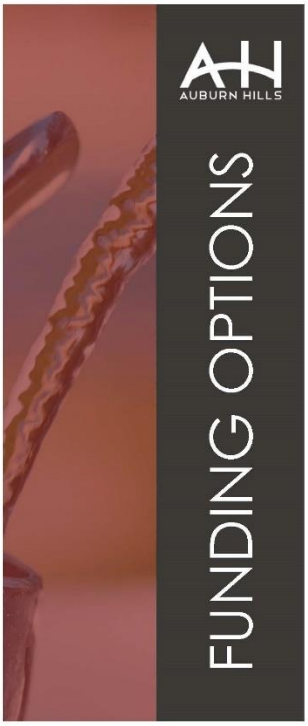

Conclusions

Stormwater utilities are legal in Michigan

A well-planned stormwater utility can be resistant to political and legal challenges

The proposed legislation provides a useful framework for setting up a stormwater utility

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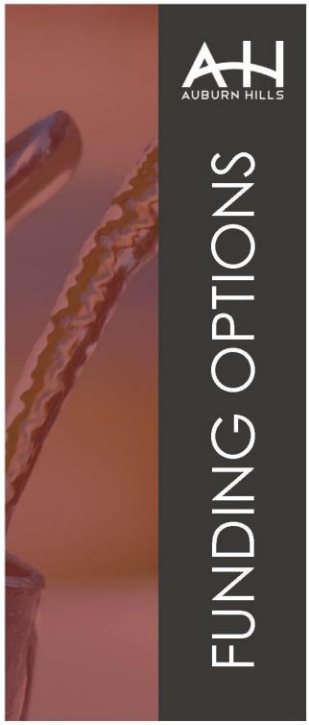

City of Auburn Hills

- Population: 26,000
- 85% Commercial
- Proposed Stormwater Budget: $3.2 Million; Monthly Charge of $6-$7 per ERU

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Fee vs. Tax

- Approximate cost of Storm Water control = $3,160,000
- Current Dedicated Revenue = $310,000
- **Shortfall in approximate cost addressing Storm Water = $2,850,000**

Typical Monthly Fee	Stormwater Utility	Property Tax (Millage ~1.37 Mils)
Residential (typical property)	$6 - $7	$9 - $10
Residential (larger property)	$12 - $14	$13 - $15
Median Taxable Income Property	$6 - $7	$9 - $10
Newly-purchased Median Home ($220k)	$6 - $7	$14 - $16

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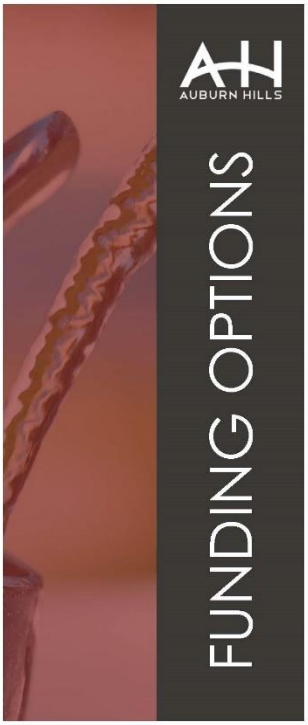
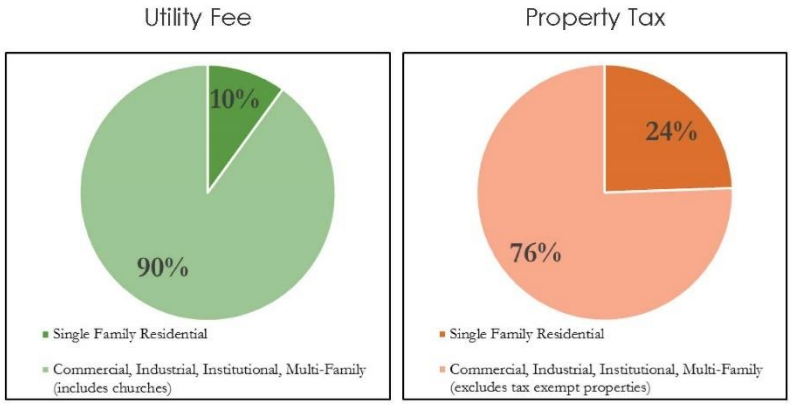


Comparison



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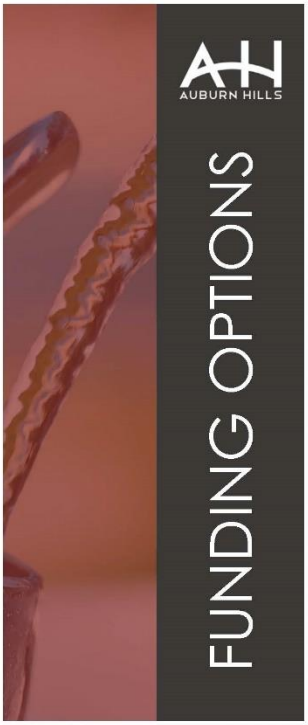

Funding Auburn Hills Stormwater System

Options:

- No change
- Stormwater Utility (user fee)
- Tax Millage
- General Fund

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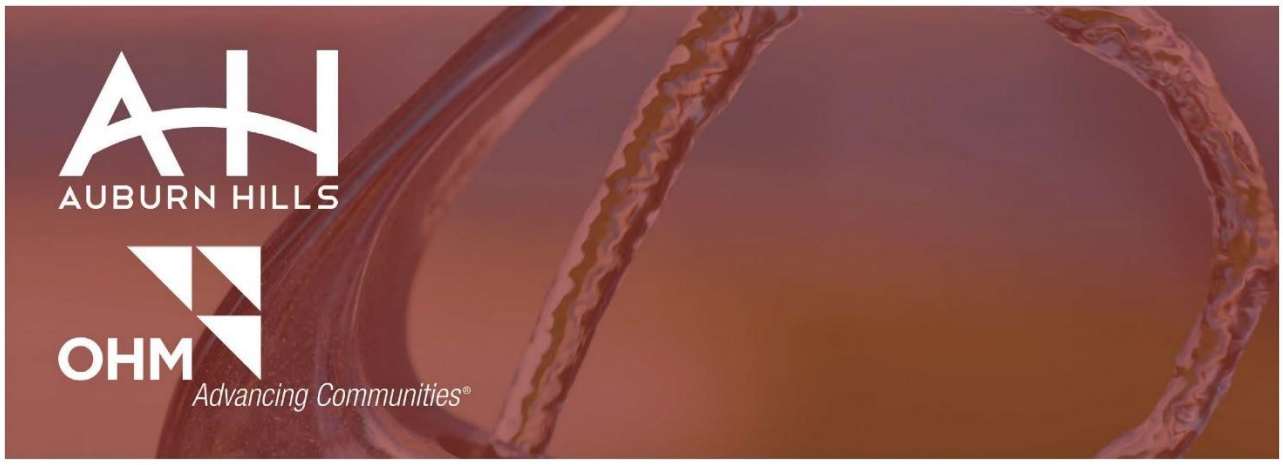

THANK YOU