

Background

The City of Roseville maintains a sewer system, which includes the disposal of storm water. When it rains, water that is not absorbed into the soil runs into the storm drains in the street. That storm water, once collected in the drains, travels through a vast system of sewer pipes, and is eventually disposed of and purified before being released into Lake St. Clair. Residents of the City who are connected to the sewer system pay a fee for this service. In fact, even the City of Roseville pays into this fund, because the City owns property that is connected into the sewer system. The City gets a bill from the Macomb County Public Works office and the Southeast Macomb Sanitation District (SEMSD) for the treatment and disposal of this storm water. When the City gets the bill from Macomb County and SEMSD, the City calculates how much each property owner is responsible for, and bills each household that uses the sewer system.

Traditionally, storm water costs have been paid for through the City's General Fund without any assessment to property owners. Costs for storm water treatment and disposal prior to 2018 have been a relatively small dollar amount. Beginning in 2019, Macomb County will be assessing a new storm water treatment charge to the City. This charge is a significant fee based upon Federal, State and County regulations relating to the treatment, discharge and disposal of storm water. In the past, many communities have simply added this charge to utility bills, a practice that has been challenged in court and upheld as unconstitutional.

In 1998, the Michigan Supreme Court decided a case, *Bolt v City of Lansing*, which dealt with the City of Lansing using its water/sewer bills to raise revenue unrelated to the actual usage. The decision resulted in a change in the law as to how cities like Roseville should divide that fee amongst its residents. One of the factors the Court in *Bolt* determined is that the storm water disposal fee must be in proportion to the amount of water that enters the sewer system from each parcel or lot in the city. As a result, the City has undertaken several engineering studies to determine appropriate per parcel calculations of stormwater discharge and developed a fee to fairly meet the stormwater discharge amounts accordingly as a utility fee beginning January 1, 2019.

Bolt v City of Lansing

The Michigan Supreme Court established three criteria for distinguishing between a fee and a tax: 1) a user fee must serve a regulatory purpose rather than a revenue-raising purpose; 2) a user fee must be proportionate to the necessary costs of the service; and 3) a user fee must be voluntary – property owners must be able to refuse or limit their use of the commodity or service if appropriate steps have been taken to treat stormwater discharge from their property.

City Actions

Going forward, the City is required to implement a new billing methodology beginning January 1, 2019 for storm water utility fees. This new method will be based on several factors such as storm/rainfall rates, topography of each parcel of land in the City, size of each parcel and how much pervious v impervious surface exists on each lot. To assist in this effort, the City engaged the services of the engineering firm Anderson, Eckstein, Westrick (AEW) to develop a storm water utility fee apportionment study to develop an acceptable methodology to charge storm water fees.

AEW has been involved in designing and maintaining the City's water, sewer and storm water systems for several decades and is very familiar with the City's infrastructure. The City has been working with AEW for the past several months in the development of this new method.