



CITY OF BURTON
BURTON CITY COUNCIL MEETING
AUGUST 25, 2014
MINUTES

Council Chambers
Special Meeting
6:00 PM

4303 S. CENTER ROAD
BURTON, MI 48519

This meeting was opened by President Tom Martinbianco at 6:00 PM.

A. ROLL CALL

Attendee Name	Title	Status	Arrived
Tom Martinbianco	President	Present	
Duane Haskins	Vice-President	Absent	
Dennis O'Keefe	Councilman	Present	
Steve Heffner	Councilman	Present	
Ellen Ellenburg	Councilwoman	Present	
Vaughn Smith	Councilman	Present	

B. STAFF PRESENT

Paula Zelenko, Mayor	Rik Hayman, Chief of Staff
Ginger Burke-Miller, Controller	Greg Kray, DPW Director
Teresa Karsney, City Clerk	

C. ADMINISTRATIVE REPORT

Mayor Zelenko stated that tonight's Special Council Meeting is to discuss and take possible action regarding Water Rates and Sanitary Sewer Rates. This meeting has four separate parts that intersect in determining water and sewer rates for the City of Burton customers.

Water Rates: Since May of 2007, the water rate increases from the County have automatically passed through to our customers. What does not automatically pass through are any increases that the City puts on.

Mr. John O'Brien, Director of the Water and Waste Division for the Genesee County Drain Commission is here to address your questions regarding the Detroit water rates that get passed on to them. The rates the County Drain Commission charges the City of Burton and how the KWA plays into the matter. Today, we received notice of water rate increase effective October 2, 2014. You all have that correspondence in your mailbox.

Also, Mr. Jon Wheatley from Bendzinski and Company is here to go over the City of Burton's Water Rate study. This study was a necessary part of receiving the Drinking Water Revolving Fund loan to ensure to the State of Michigan that we are billing our customers a fair rate that covers the costs of providing water and water infrastructure.

Sanitary Sewer Rates: This is not an automatic pass through on the County's sewer rates; Council action is required.

Mr. O'Brien will address your questions regarding the reasons the cost of treating sewer water have increased and what the Genesee County Drain Commission uses to determine

the rates that get passed on to us. The County's rate increase went into effect on August 1, 2014.

Mr. Wheatley will go over the City of Burton's Sewer Rate study. This study was a necessary part of receiving the Sewer grants to ensure to the State of Michigan that we are billing our customers a fair rate that covers the cost of providing sewer treatment and infrastructure.

So at the end of the night, the administration needs to know:

1. Will you be passing the County's October water rate increase as well as an increase on the City's rate as recommended by the rate study?
2. Will you be passing through the County's Sewer rate increase as well as an increase on the City's rate as recommended by the rate study?

D. AUDIENCE PARTICIPATION

NONE

E. COUNCIL ACTION

1. Discussion on Sewer Rates.

Mr. Wheatley from Bendzinski gave a slide presentation on the Sewer Rate Study. He started by going over the Sewer systems revenues vs expenses from 2009 to 2013, which was the total expenses including depreciation. Next his chart was revenues vs expenses without the depreciation which just showed the cash expenses.

Sewer Rate Study assumptions:

- No Customer growth
- Sewer flows = 5 year average, with no increase
- 3% annual increase to City Expenses
- 9% Annual increase to County charges
- Break even rates

The recommendations from the Sewer Rate study is:

- Pass along all county rate increases
- Continue with alternative A, unless the City SRF project is approved

Based on the study the City should have a cash funding equal to 6 months' worth of expense.

Mr. O'Brien from Genesee County Drain Commission stated that the County won't be having a 9% annual increase as Mr. Wheatley stated. The County does a block rate for 5 years. The current rate is for 2013 to 2018. The County does a smoothing average for that 5 years.

2. To approve and authorize modifying the City of Burton's sewer rates and structure to include:
 - 1) A pass through of Genesee County Drain Commission's Division of Water and Waste Services increase to \$4.67 per (REU) per month, plus \$1.82 per 100 cubic feet (CCF), for metered customers and \$27.43 per unit (REU) per month for non-metered or flat rate customers.
 - 2) A City of Burton sewer charge of \$10.49 per unit (REU) per month.

RESULT:	CARRIED [3 TO 2]
MOVER:	Dennis O'Keefe, Councilman
SECONDER:	Vaughn Smith, Councilman
AYES:	O'Keefe, Ellenburg, Smith
NAYS:	Martinbianco, Heffner
ABSENT:	Haskins

2. Discussion on Water Rates.

Mr. Wheatley from Bendzinski gave a slide presentation on the Water Rate Study. He started by going over the Water systems revenues vs expenses from 2009 to 2013, which was the total expenses including depreciation. Next his chart was revenues vs expenses without the depreciation which just showed the cash expenses.

Water Rate Study assumptions:

- 10 New customers per year
- Water flows = 5 year average, with no increase
- 3% annual increase to City Expenses
- 6.00% Annual increase to County charges
- Break even rates

The recommendations from the Water Rate study is:

- Pass along all county rate increases

Based on the study the City should have a cash funding equal to 6 months' worth of expense.

Mr. Martinbianco said there are two issues. You have to buy water from Detroit at their rates. Maybe one day Karengondi will come to fruition. We are going to have to figure out what to do for the next 3 years to provide water to our customers.

Mr. O'Brien said in 2007 Genesee County raised its rates for water. They purchase water from Detroit. In 2013 the County made the decision to separate from Detroit and City of Flint decided to separate from the City of Detroit. In 2013 we had a water increase. In April 2014 they were charged 10% increase from Flint that came from Detroit. In April 30th, Flint turned the valve off from the City of Detroit. There is a 72 inch water main running through the County that the City of Flint is not using, so the County purchased it from the City of Flint. In June 2014 Detroit did another rate increase. They are looking for a two year contract, Detroit only does a 30 year contract. The County has paid the bill to Detroit. They are proposing, effective October 2, a rate that will cover the expenses to Detroit. Detroit is under State control and in Federal bankruptcy court. There is a rate increase in 2014-2015 and 2015-2016, so we are paying Detroit for water service. 2015-2016 could be a year of double dip, so we can collect now and pay the bond debt. Once we are done with that rates will stabilize or go down.

3. To approve and authorize modifying the City of Burton's water rates and structure to include the following:

- 1) A pass through of Genesee County Drain Commission's Division of Water and Waste Services increase of \$.51 plus \$.03 unbilled water for a total of \$.54 per 100 cubic feet (CCF).
- 2) A City of Burton water charge in accordance with the following chart:
Ready to Serve Rate:

Meter Size (in)	Rate (\$/Month)
5/8"	\$13.94
3/4"	\$13.94
1"	\$23.70
1.5"	\$48.79
2"	\$93.40
3"	\$209.10
4"	\$376.38
6"	\$836.40
8"	\$1,394.00
10"	\$2,847.24

With a Commodity Rate: \$5.30 per (CCF).

RESULT:	CARRIED [UNANIMOUS]
MOVER:	Vaughn Smith, Councilman
SECONDER:	Dennis O'Keefe, Councilman
AYES:	Martinbianco, O'Keefe, Heffner, Ellenburg, Smith
ABSENT:	Haskins

F. COUNCIL DISCUSSION

Mr. Smith would like to call a Finance Committee meeting on September 2, 2014 at 6:00 p.m. on Water that relates to the sewer bills.

Meeting was adjourned at 8:09 AM.



Burton City Council
4303 S. Center Road
Burton, MI 48519

Meeting: 08/25/14 06:00 PM
Department: Clerk's Office
Category: Water/Sewer
Prepared By: Teresa M. Karsney
Department Head: Teresa M. Karsney

E.1

SCHEDULED

AGENDA ITEM (ID # 1182)

DOC ID: 1182

Discussion on Sewer Rates.



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Meeting: 08/25/14 06:00 PM
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E.2

SCHEDULED

AGENDA ITEM (ID # 1190)

DOC ID: 1190

Discussion on Water Rates.