

CITY OF BURTON
SPECIAL COUNCIL MEETING MINUTES
JUNE 29, 1998, 6:00 P.M., COUNCIL CHAMBERS

THE SPECIAL MEETING IS CALLED TO ORDER BY Ted Hammon AT 6:00 P.M.

MEMBERS PRESENT: Hammon, Cross, Walls, Centilli, Cox.

MEMBERS ABSENT: Zelenko, Martinbianco

OTHERS PRESENT: J. Major, DPW Director, J. Adams, Clerk's Office.

PURPOSE OF THE MEETING: 1st Public Hearing for a Public Municipal Watermain Program, W-98-1 Maplewood Meadows #3.

PRESENTATION:

Majors indicated Bill Hohlich from CHMP, Inc. and DPW put together a cost estimate on the project, and are halfway close. The construction cost estimate from Hohlich of \$180,000, his cost of \$168,000 and \$260,000 bond issue for that part of the total bond package. The cash cost will be approximately \$3,200, and over a 20 year period the average payment for each lot using the equal lot method is approximately \$257 a year. The interest rate is estimated at 5%, and a 8 inch watermain is proposed. It is a 81 lot subdivision.

AUDIENCE PARTICIPATION:

Pauline Dargel, 6119 Hugh St., Burton, MI, said she understands you are doing special assessment sessions this evening and it is a different method then what you have done in the past with other developers. She indicated special assessments to her means the full faith and credit of the City is behind whatever bond issue you put forth. At the Planning session on this phase 3, she asked the developer to explain the relationship between himself and the Heritage Group. She stated she provided a page with the Planning minutes, and in this case, Mr. Rizzo said they are not in business together and yet this article in yesterday's paper tells something different. She asked who they are providing this special assessment district for.

Major indicated Blake Rizzo, property owner of this piece of land.

Pauline Dargel asked if she should believe the newspaper article was erroneous when it said Heritage International are the owners and operators of Maplewood Meadows.

Major stated when the district is created and as the sales take place, we may end up with 81 different property owners or there may be a group of builders that buy up those lots and end up with 4 or 5 builders that would divide those 81 lots 4 or 5 ways. Major indicated that they are establishing the district with Mr. Rizzo as the individual tax payer. The method has been approved by our bond council and financial consultant for this project and is a legal method of doing it. Heritage could buy a number of lots at some point through Mr. Rizzo's plating process.

Pauline Dargel asked if the property is serving as collateral and if they are provided some paperwork that tells factually who is the property owner that you are investing.

Major indicated the tax roll provides this.

COUNCIL DISCUSSION:

Cox asked for an explanation from Rizzo.

Rizzo stated he is the owner and developer of Maplewood Meadows. Heritage Corporation is a buyer of lots that provide vertical development.

Cox stated the Suburban News did indicate that Heritage was the owner/operator.

Rizzo stated the article said Heritage International, owners and operators. Owners would be Blake Rizzo, operator could be Mat Sanders a marketing agent, Steve Taglione is an operator that does the housing and building.

Cox inquired as to the bond issue and funds. Cox asked where they are at on the payback schedule for the previous development.

Major said he thought around 70 %.

Rizzo stated close to 80% and after the summer 100%. He said for Phase 1 it should be 100%, and for phase 2, 75-80%.

Discussion followed in length on the payback method, funding and bond payment. Mr. Major indicated this method was brought to them by Rowe Engineering and is being done very successfully in Lapeer, Mt. Pleasant, Port Huron and a number of Detroit areas to spur growth within their cities. In talking with Rowe, and B. Becker who spoke with the City Manager of Lapeer, they are very satisfied with the method of assessment that became available 4 or 5 years ago, with the change in Lansing that allowed us to do this.

Cross inquired as to Rizzo's name on the property and Heritage involvement.

Major indicated Heritage is only a purchaser if Rizzo decides to sell their lots.

Rizzo said they have several builders buying lots and putting up spec homes.

Cross inquired as to the water and sewer loans.

Rizzo said in the day of the sale, the closing, the water and sewer is paid back.

Major indicated there is nothing different with the meter fees, inspection fees and tap-in fees as per our ordinance as any other individual whether a special assessment district, a front foot district, or building a house on a street where water and sewer exist.

Walls inquired as to the special assessment districts, the water loop special assessment district and other permits.

Major said the day they pull their building permits is the day they pay their tap-in fees, which no dollars are expended by the City or anyone else, and that is excess revenue that comes in.

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COUNCIL ACTION:

Moved by Centilli, seconded by Walls to approve and authorize Standard Resolution #3 for the Special Assessment Public Municipal Watermain District known as W-98-1.

- A. Approve maps, drawings, preliminary plans, and cost estimates as presented.
- B. Determine to construct the proposed improvement as presented.
- C. Order the Department of Public Works/Engineering Division and/or the firm of CHMP, Inc. to prepare final plans, specifications, and take bids.
- D. Order the Assessor to prepare final special assessment roll, with provision that the first payment will become due July 1, 1998.

Motion carried 5-0.

MEETING ADJOURNED AT 6: 17 P.M.

JRA