

CITY OF BURTON
COUNCIL COMMITTEE OF A WHOLE MEETING MINUTES
JULY 9, 2001, 6:00 P.M., COUNCIL CHAMBERS

THE SPECIAL MEETING IS CALLED TO ORDER BY COUNCIL PRESIDENT ROBERT CENTILLI AT 6:07 P.M.

MEMBERS PRESENT: Centilli, Cross, Bement, Tinnin, Wells, Martinbianco

MEMBERS ABSENT: Brawner

OTHERS PRESENT: Atty. R. Hamilton, C. Abbey, Administrative Assistant, J. Major, DPW Director, R. Riess, Water & Sewer Superintendent, Jeff Wright, Genesee County Drain Commissioner, J. Adams, Clerk's Office

PURPOSE OF THE MEETING: Discussion and possible recommendation of the County Water & Sewer Contracts.

Mr. Centilli welcomed Mr. Wright to tonight's meeting.

PRESENTATION:

Mr. Wright said he would like to give a brief explanation of the Water & Sewer contracts and discuss a few more details than the last time he was present. All 34 communities that are part of the water and sewer system have reviewed these contracts and all but three have signed, Mt. Morris, Goodrich and Burton. He has a counter part that is at Mt. Morris tonight, and we expect Mt. Morris to also sign on board this evening. In my conversations with Goodrich, they will also be signing tonight. Mr. Wright stated further, if there is time tonight, he would like to speak on the Water Shed Management Proposal we have before the local communities.

Mr. Wright said the sewer contracts are the next step in taking us out the next 20 or 30 years as far as sewer capacity. The existing sewer contracts run out next year and it coincides with the fact most of our communities sewer capacities has run out within the last year and the next coming year. The biggest difference between the past contract and this one being proposed, is how it is financed. The last four years the City of Burton as well as other communities, had to guess how much sewer capacity they were going to need since the 1960's and up until this point. Based on that estimate of the sewer capacity, the City of Burton has been responsible for paying the bond debt for those capital improvements to the sewer system.

Mr. Wright expressed further, that the City of Burton historically has been responsible for the bond debt for new services. Under this contract, only the new customers and the users will pay and not the City of Burton. The City of Burton will no longer be responsible for the bond debt. Genesee County will pick up that debt service and those bonds will be paid through user fees and capital improvement fees.

Mr. Wright said we discussed the fact that we have implemented the capital improvement fee of \$1,000 per unit for water and sewer, and that will fund a great share of the proposed capital improvements. The rest will be funded through the actual user base of the system which is estimated for the sewer of approximately 165,000 customers, for the water system, 107,000 customers. Those are the biggest financial differences between the two contracts. The reason we need these facilities, starting with sewer, is that we are at the capacity of the majority of the systems. The City of Burton, through the sale of some units and through its development that has taken place the last several years, it has used up all its purchased capacity in the system, along with many other government units.

COUNCIL COMMITTEE AS A WHOLE MEETING MINUTES
JULY 9, 2001 / 6:00 P.M.

Mr. Wright indicated further this has led to the implementation of an infiltration and inflow program, where we are trying to stop rain water from getting into the system. We need to put in the northeast relief sewer and western trunk relief sewer to eliminate the sewer overflows that has plagued us the last couple of years. These projects I cannot guarantee will eliminate 100% of the backups because we cannot control mother nature. But they should reduce the frequency and severity of the spills greatly. These projects will also allow for ongoing economic development in Genesee County. Mr. Wright stated on the water side of it, the system was designed to handle 12 million gallons a day. Today we will hit 21 millions of water pumped through the system. Before noon today, I declared a water emergency and asked all residents of Genesee County to implement an odd /even watering day on their lawns.

AUDIENCE PARTICIPATION: No one from the audience wished to speak.

COUNCIL DISCUSSION:

Mr. Cross asked when the capital improvement fee of \$1,000 would take affect.

Mr. Wright said the Water & Waste Advisory Board voted on that back in April which took affect May 1st of this year.

Mrs. Tinnin inquired regarding what route the northeast relief is going to follow.

Mr. Hamilton said it basically starts at I-69 and Court St.

Mr. Wright indicated that where Kearsley Creek crosses Court St. is the upper end of the proposed northeast relief.

Mr. Hamilton said it is along Davison Road, over to Belsay Rd., and exits the City at Genesee Road. Ultimately it goes on through Genesee Township and ends up at Elms and Stanley Rd.

Mr. Martinbianco inquired regarding pump stations 6, 7, and 1 and 8, if they are in place or will be new pump stations.

Mr. Wright said they are already in place. The current interceptor sewer goes through the heart of Burton, Flint Township, Grand Blanc and Mundy. That system is at capacity. The proposed northeast relief and western trunk relief sewers will intercept those pump stations. It will intercept about 50% of flows that go into the existing system, and divert them completely around Flint Township, Burton and Grand Blanc so those heavy flows will not come through the City anymore. It should greatly reduce the risk of problems that we had at pump station #2 which is Fenton and Bristol Rd.

Mr. Martinbianco inquired regarding the route passing through Flint.

Mr. Wright stated this system does not pass through Flint. It intercepts the flows that would normally come through Burton out of Davison and Genesee Township that are actually being intercepted and taken in a different direction. The same is with the western trunk relief. The flows that would normally come through Burton are being intercepted at the Curwood pump station in the City of Grand Blanc and then taken west of Reid Rd. to Swartz Creek.

COUNCIL COMMITTEE AS A WHOLE MEETING MINUTES

JULY 9, 2001 / 6:00 P.M.

Mr. Martinbianco said we are not evidencing a lot of development or growth in that northeast quadron that would bypass the City. Intercepting at that Court St. location and redirecting the flow of the sanitary sewer along that path, tells me where the growth is happening in the southeast portion of the City. There will be excess capacity available that will be rerouted through the existing line.

Mr. Wright responded that is correct, these two systems will give the City of Burton basically 50% more capacity than they had in the existing sewer interceptor system.

Mrs. Tinnin stated the local governments will not be purchasing any additional sewer capacity.

Mr. Wright said that is correct although there will have to be reckoning. Many communities have excess capacity, though not much. There is currently around 560 units of capacity left county-wide. There were 2,700 when I took office on January 2, 2001, and there is less than 600 today. So there are communities that have units they have purchased over the years, and then there are communities that have oversold their unit capacity. There will be a point in time when communities that still have excess capacity will be paid by the communities that have oversold their capacity to start at a zero point again, as far as financing goes. Those units of capacity are still \$183.00, the original rate we charged many years ago. There is no interest involved, we have to zero the units out so all communities are starting equal.

Mr. Hamilton asked what is the capacity allocation of the new system.

Mr. Wright responded that between the two systems, the western trunk relief and the northeast relief sewer, will create approximately 100,000 units of capacity.

Mr. Hamilton said the contract he received did not have an allocation of those capacities.

Mr. Wright indicated that there is no allocation. That is why the City is no longer responsible for funding through debt service. It is as you use it, the users pay. New development will pay and users will pay.

Mrs. Tinnin asked how this will affect the cost to the users.

Mr. Wright said the debt service will be falling off starting next year on the existing bond issues the City and other communities are liable for. Those dollars can be kept as part of the rate structure, and we estimate no rate increase for sewers will be necessary for 5 years. He cannot project beyond that point in time.

Mr. Wright stated we are also looking at approximately \$33 to \$35 million dollars in capital improvements for water. The funding will be set up the same way, the customers and new development will pay for it through the capital improvement fee. I cannot guarantee there will not be rate increases because Detroit has a 2% to 3% rate increase on a yearly basis on the base. We have lagged far behind the national average on what we charge for water. Mr. Wright said they will be discussing many things in the near future with this Council and other communities and how they charge water. Today we put 6 million gallons of drinking water on lawns and it stretched our system to the limit. Those 6 million gallons we put on lawns today, those people paid less for than the people drinking it out of the tap. So the rate structures really needs to be addressed on water and he will be bringing some proposals back to this body and others towards the end of the year.

Mrs. Tinnin asked if anything was finalized regarding rates structures with the City of Flint.

Mr. Wright said they are still working with the City of Flint, and hope to have the dollar issue resolved in the next month or so. All of the technical issues to keep us moving forward have pretty much been resolved with the City.

COUNCIL COMMITTEE AS A WHOLE MEETING MINUTES

JULY 9, 2001 / 6:00 P.M.

PAGE -4-

Mrs. Tinnin asked if every new development coming through the municipalities is going to his office for storm water management.

Mr. Wright replied not storm water management, though they hope to implement it by January 1, 2002 to be in Federal compliance. Storm water management is not only a goal that we should all share, but it is a mandated situation coming down from the Federal Government. If we do not have a good storm water management plan in place and implemented by January 1, 2003, the Federal Government will step in and determine exactly what they want you to do. If the local units or County do not comply, it can leave us open to an up to \$25,000 a day fine. Mr. Wright stated further, he feels it is a great opportunity for all communities to work together as they have historically on the water and sewer, and take it one step further into water shed management. Development brings surface water problems, we will ask each community to have a representative as they currently do, on our Water & Waste Advisory Board to help us design what we want for proper water shed management in Genesee County.

Mr. Wright indicated the water shed management should have been implemented January 1st of this year, and they are about a year behind. It would have made us eligible for CMI (Clean Michigan Initiative) monies. There will be some available next year and it is one of the reasons I think it is critical to get in place before the first of the year so we can try and get some of those Federal and State dollars captured back in the community.

Mr. Cross inquired regarding Mr. Wright's earlier comments of drinking water costs more than watering our lawns.

Mr. Wright said there would be two types of rate structures. There is an inclining block and a declining block. Declining block rate structures start at a base rate, the more you use, the more the cost per unit goes down. An inclining block starts at the same base rate, but the more you use after the base rate the cost goes up. We are currently on a declining block rate structure. Mr. Wright said he is currently doing a water study on rates that will give us several options.

Mr. Cross inquired regarding wording on page 8 under definitions of the water contract, that referred to "County Agency" as the Genesee County Drain Commissioner.

Mr. Wright responded the wording is correct, when the County Board gives the authority to any individual, it is not an agency. The County Board actually gives the authority over water & waste to an individual and not an elected office.

Mr. Martinbianco inquired regarding purchasing water through the City of Flint and paying a premium in excess capacity.

Mr. Wright said there is a 1983 contract signed by the Mayor of Flint, County Board of Commissioners and County Drain Commissioner that puts a surcharge of 35% on the water the City of Flint sells to Genesee County, up to 14 million gallons. If we go over 14 million gallons there is a premium. The peaking charges have been addressed and greatly reduced once we resolved the whole contract.

Mr. Martinbianco inquired regarding the authority to impose the \$1,000 water & sewer connection fee.

Mr. Wright said it fully falls under Act 342. It allows the agency to implement fees, fines, and purchase and sell properties. The reason for the \$1,000 water & sewer fee was to have new development pay a share of the cost.

Mr. Martinbianco inquired concerning excess capacities with regards to facilities, General Motors plants, and how it impacts the system.

COUNCIL COMMITTEE AS A WHOLE MEETING MINUTES

JULY 9, 2001 / 6:00 P.M.

PAGE -5-

Mr. Wright said in 99% of situations that I have been involved with, General Motors plants treated their own waste and had their own facilities on site. They were not really part of the major waste stream of Genesee County. They received water from the City of Flint directly and not from us. So those facilities have not given us additional

capacities in the system. Mr. Wright stated further, they are looking into an audit of all units and this will be addressed later in the year when we discuss rate structures.

Mr. Martinbianco asked Mr. Wright if he sees an audit as a County function responsibility or municipality.

Mr. Wright said I see this as a local issue that should be coordinated at the County level. The County has to accommodate that waste and supply you with water. Without a good number for us to design to, it is very difficult. I think the actual work of this audit should be done at the local levels.

Mr. Martinbianco read aloud Page 6, Pursuant to the provisions of Act 7 of 342.

Mr. Wright said a total sewer fix that would take us out at least 20 to 25 years, we are looking at between \$65 to \$67 million dollars. The north loop phase III water and the storage facilities that are necessary, we are looking at \$33 to \$35 million dollars.

Mr. Martinbianco spoke briefly on the self liquidating revenue bond, additional tap-in fees, and user fee increases. He read aloud Pg. 8, under definitions, and questioned "not to exceed \$45 million to finance such projects."

Mr. Wright indicated the figures were prepared by a group of engineering firms. CTE, Rowe, and Wade-Trim worked cooperatively to come up with that figure for the northeast relief sewer. The western trunk sewer is estimated around \$9 million. The Anthony Ragnone Treatment Plant improvements to bring it in State and Federal compliance, is between \$7 million to \$9 million. Mr. Wright stated further, it mentioned City of Flint being an uncontrollable factor, and no matter who owns the supply line of this magnitude, we are still going to have cost increase on a yearly basis. To operate a system like this, you are still looking at 2% or 3% just in inflationary cost. This is something to plan for from Detroit. Even if we had our own Port Huron or Midland pipeline in place, we do not have the internal infrastructure in Genesee County to do any better then what we are doing right now.

Mr. Martinbianco commented regarding submitting plans to the State, and read aloud Pg. 12, Item #7. He expressed concerns with Item #3 of paragraph 7.

Mr. Hamilton responded that Item #3 of paragraph 7 can only be implemented upon the request of all of the municipalities.

Mr. Wright said the \$45 million is an estimate and his office will not sell bonds until the bids are taken. The only bonds we will borrow on are based on firm bid prices with a complete computation of costs to show where all the dollars will be going.

Mr. Martinbianco addressed Page 13, paragraph 10 and inquired regarding purchased capacity, front foot fees and tap-in fees.

Mr. Wright stated front foot fees is not involved in this. You are looking at the existing capacity Burton bought into the system several years ago, plus any additional capacities that you add on as time goes on. We will also track this.

Brief discussion followed regarding excess capacity.

COUNCIL COMMITTEE AS A WHOLE MEETING MINUTES
JULY 9, 2001 / 6:00 P.M.
PAGE -6-

Mr. Martinbianco read aloud Item #13 on Page 14 and addressed concerns of the County monitoring the system.

Mr. Wright said they are going to install flow meters at the point where each interceptor enters a government unit, and where it leaves a government unit. We will determine exactly how much each government unit is putting into the system. You exceed your purchased capacity not only from your original contract, but all new current and future purchases will be formulated into how much your capacity is. If you exceed that for whatever reason, you will be responsible to pay a premium. We are currently working on a formula for that.

Mr. Martinbianco asked how they are able to pass judgement on those formulas after the fact it passes the contract.

Mr. Wright said the formulas are pretty cut and dry, you purchased a certain amount of gallons capacity into the system. There should be no reason for us to give you additional capacities beyond that. We are going to allow you to give twice the amount of inflow into the system then you purchased over the years under the formula. If you exceed that you pay a penalty. Right now we get certain rain periods where we are putting seven times the system capacity into the system through rainwater infiltration which has to stop. The only way to encourage government units to do that on their own systems is to make them pay a premium.

Mr. Martinbianco inquired regarding the cost falling on new developers.

Mr. Wright said the percentages break down to about 55% on the water and 53% on the sewers, assuming less than half the current development levels stay the way they are. Our figures are based on 1,000 units a year of new development and currently we are averaging 1,700 units.

Mr. Martinbianco asked about the affects of a recession period.

Mr. Wright replied the customer base picks up the additional costs. Revenue bonds are strictly dealing with the customer base. The local units of government, once these contracts are signed, are no longer involved with collection of money for these capital improvement projects or payment of bond debt.

Mr. Martinbianco questioned finances, personnel, increased benefits, contract negotiations and other expenses.

Mr. Wright stated the Genesee County staffing levels at the water & sewer division is adequate. They have projected budgets for the next five years and he does not see the need for staff increases at least for that five years, to operate and maintain any of its system. The water shed system could create the need for two or three more individuals in our storm drain division to help implement and oversee some of the projects.

Mr. Martinbianco expressed the water shed issue being a high priority.

Mr. Wright said the water shed management improves everything, the road ways, sanitary sewer system and drinking water. I think the water shed management is actually more important than these two contracts.

Mr. Wells said he appreciates Mr. Wright's time he has put into this. He is concerned with a 40 year commitment. He asked if there is an option to put into this contract. His vision for the City of Burton is to become an independent city. We have made great strides for the last 27 years, and especially for the last 8 years. Maybe we can find a viable way to treat our own water.

Mr. Wright said the contract says 40 years or until the bonds are paid off. It is not necessarily 40 years. I am assuming the bond debt is probably going to be somewhere between 20 to 25 years, depending on the interest rate and other issues. There is a clause inserted as far as not necessarily 40 years.

COUNCIL COMMITTEE AS A WHOLE MEETING MINUTES
JULY 9, 2001 / 6:00 P.M.
PAGE -7-

Mr. Wells said there are no figures in stone and that bothers him somewhat to put these costs on.

Mr. Wright said the costs are based on pretty sound facts. The engineering firms that have been hired by the County to do the design have looked at many actual projects that have been bid. They come up with a very firm figure and it is pretty much a standard practice across the board for engineers giving you an estimate.

Mr. Wright said we are way behind the national curve in what we charge waste water treatment and water supply. In Genesee County the medium income is \$48,000 per home, the Federal government feels 1 ½% to 2% of the medium income of a given area should be paid out to treat waste water and bring in municipal water supply. At that rate the

average water and sewer bill in Genesee County would be \$100 a month, \$1,200 a year. We are currently at $\frac{1}{2}$ and $\frac{3}{4}$ % of what an average customer pays in this County. This will probably mean we will not receive Federal dollars, because the Federal Government feels we are not charging enough.

Mr. Wells said he checked into a waste water treatment plant in Dayton Ohio and they have a state of the art system. They decided to treat their waste water. In the neighborhood I was looking at, the people were paying \$300 a month, and that is a major bill. I am not interested in something like that in the City of Burton, I feel it is way too much. He asked Mr. Wright why he feels he has to do all this at one time, put the expense out to do everything at once.

Mr. Wright said it is not necessarily that I want to, I think the water supply system and waste water system has been at a critical state. There is no sewer capacity left, the water system was designed for 12 million gallons and today we pumped 21 million gallons. If we lose one pump somebody is going to be without water. The necessity is there to expedite this as quickly as possible for all the residents in the County. We, for whatever reason, have let both systems get to the saturation point and now we are playing catch up.

Mr. Wright stated these projects have been planned and on the Master Plan for 20 years and they have been brought up now because the need is there. These contracts in a different form were proposed over a year ago, and I have been in office 6 months. The former contracts were not satisfactory to many local units of government, so the first thing we did was sit down with the Water Waste Advisory Board, hired legal counsel who specializes in these types of contracts, and we wrote contracts that were favorable to the Water Waste Advisory Board. The members voted to approve these contracts back in February. The northeast relief sewer should have been completed in 1999, and phase III water and many of the storage tanks should have been completed in 1999. This is part of the reason it brought us to the critical point.

Mr. Wells said Mr. Wright is doing a good job, he just wondered if we are trying to do too much too soon.

Mr. Wright re-iterated a water ban was placed on today, and stated we need to be able to fight fires in this County and not jeopardize our fire-fighting ability. We have to move forward and at least get the storage tanks in place to give us a reserve.

Mr. Wells inquired regarding the City of Davison's decision not to join the system.

Mr. Wright said the City of Davison has always been on their own well system. They are concerned that if the new Federal standards come into play, they may not meet the water quality, depending on where those standards end up being. They have done a study to determine whether it would cost them more then to spend the \$5-\$6 million they need to upgrade their system to meet new Federal requirements. If we let them on board now, since they have never paid a penny towards it, they would have to pay 1 $\frac{1}{2}$ times the rate to become part of the system. Based on that, it is cheaper for them to upgrade and put new filtering systems on their wells system, as opposed to coming on board with us. I believe the figure was 3.6 million to come on board with us and about 2.8 million to upgrade their wells.

COUNCIL COMMITTEE AS A WHOLE MEETING MINUTES

JULY 9, 2001 / 6:00 P.M.

PAGE -8-

Mr. Hamilton said he has spent a lot of time reviewing these contracts and is convinced from the standpoint of the City, this particular contract and financing scheme is so much better for the City then the system we had been operating under for years. We would be totally remiss in not getting on board with this. As a part of the earlier contracts, we pledged the credit of the City to meet the bond obligations for the bonds that were necessary to build the system we've come to today. We have actually pledged the City for that purpose. We have been levying millage for a very long time to partially meet our obligations under the terms of those contracts. We are actually committing no dollars what-so-ever of tax money to the County system under the terms of this agreement.

Mr. Hamilton stated further, when we make these agreements, we are delivering a package of customers as a group to the County. We should be assuring ourselves that we are putting our citizens in the hands of a competent and fair organization to provide the sewer and water services. Under paragraph 2 of the contract, we are committing to the County to permit them to use all of our property, easements and right-of-ways for the purpose of their project. We

are tentatively approving the plans in terms of location, with specific plans that are going to be following her, and we have a 30 day turn around on those specific plans.

Mr. Martinbianco asked Mr. Hamilton if he is comfortable with the 30 day turn-around and adequate time frame.

Mr. Hamilton said he thinks it is far more adequate for us, who have an active and knowledgeable DPW who can review in a general basis, their location as to where they are going to be, then if we were some of these other municipalities that really do not have an operating public works. We need to coordinate with them on these specific locations, to see if there are alterations in the plans that would make them more acceptable to us. I do not think the 30 days is a bad idea because I would propose we insert that same exact language into the provisions of paragraph 8. It says when we are going to do our construction, we will submit our construction plans to the County for review and approval. If it is fair for them to have the 30 day review with us, it is fair for them to have a 30 day turn-around review with us.

Mr. Hamilton said he suggests for the Drain Commissioner to take the review and approval language found in paragraph 2 and insert that in paragraph 8. The additional charge in paragraph 13, Mr. Wright explained for us how that would work. That is reasonable and understandable. I think that fee or additional charge will be the function of the Waste Water Advisory service so we will have additional input along with the other municipalities who might be charged that fee. I am a little concerned about the operational affect of paragraph 18, the notification of proposed connection, including indirect connections. Mr. Major and Mr. Riess will have to tell me if this is a problem or not, but I am not sure how we can notify the County agency of proposed indirect connection.

Mr. Wright said that is taken care of in the capital improvement fee. If it is direct or indirect, it still comes through the Drain Commissioner's office to pay the capital improvement fee. The County is trying to keep a handle on exactly what is getting into the system because we have to handle it through the interceptors. The City does not issue their tap-in fee until they come to the County for approval.

Mr. Hamilton said he has some concerns regarding paragraph 20, the cost and expense of defending a lawsuit. He feels it is a project cost. If there were costs related to lawsuits between the participants of this contract and the Drain Office, that should not be a project cost.

Mr. Martinbianco asked if they should get a hold harmless clause against the municipalities since it is a County project.

Mr. Wright said projects are being undertaken on behalf of each government unit, even though they are no longer paying the direct cost for capital improvement. These projects are being put in to benefit the communities that sign on board.

COUNCIL COMMITTEE AS A WHOLE MEETING MINUTES
JULY 9, 2001 / 6:00 P.M.
PAGE -9-

Mr. Hamilton said if there was a lawsuit that involved a fight with a contractor over how much pay items he should have, or a condemnation suit that related to acquisition of an easement or something, I can understand it would be a project cost. But if there was a dispute between some of the municipalities under this agreement and the Drain Office, as to how to interpret this section of the contract, I do not think it should be a project cost. I think paragraph 20 should really be limited to disputes other than any disputes between a contract participant. Mr. Hamilton said he may need to talk with their bond counsel.

Mr. Wright said it is there to protect all the communities.

Mr. Hamilton re-iterated he does not think contract disputes should be a project cost.

Mr. Wright said he does not disagree with that.

Mr. Hamilton said he does think this is a real step forward. He has always had a problem under the terms of the existing contracts. We obligated ourselves to pay for a system, which for all intents and purposes, a County system they ended up owning at the end of it. They are now such a strong customer base in this area, bond buyers can assure themselves that there are people that can generate enough revenues to pay for the borrowing. I think it is a big step forward for the City.

Mr. Martinbianco said he did not receive Exhibit A in the water contract. He read aloud Page 14, Item 11 and spoke of concerns regarding reserves.

Mr. Wright said the reserves are not that big. He has taken much of our reserves and started rebuilding the existing system. I plan on rebuilding pump station #1 and #2. We have a very aggressive 2.5 million inflow and infiltration project going on and those dollars are coming out of reserve funds. There are no more dollars in reserve than what was talked about.

Mr. Martinbianco asked if he is taking some of the depreciation dollars that have been accumulated, part of which is ended up in a sinking fund and doing current operational improvements to the existing system as appropriate.

Mr. Wright replied yes.

Mr. Martinbianco commented regarding the construction of the south water loop system and the imposition of the \$11 front foot fee which was mandated then. He asked Mr. Wright if he is here to insist that the customers that already paid the front foot fee and tap-in fee that are on the existing south water loop, still have that same exemption. They paid their front foot fee and do not have to pay that \$1,000 to tap in.

Mr. Wright replied they still have to pay. He asked if the City charges a tap-in fee.

Mr. Martinbianco said yes but not on the south loop.

Mr. Wright explained when you bought into the southeast loop system, you bought into a certain gallonage a day. You already went well beyond that. We are already supplying you with more water to the City of Burton than when you contracted for under that project. We are increasing the capacity and the storage to make sure you can continue to increase those capacities. We are talking about storage tanks, and looping the systems for better capacity. Any new hook-ups to the system will have a capital improvement fee from the County. The new hook-ups are putting a burden on the ability to get the water here.

COUNCIL COMMITTEE AS A WHOLE MEETING MINUTES

JULY 9, 2001 / 6:00 P.M.

PAGE -10-

Mr. Martinbianco said he may need to be corrected, because he made the assertion that there was not tap-in fees.

Mr. Major said they get the indirect tap-in fees. Mr. Wright uses the Advisory Board more stringently than his predecessor did.

Mr. Wright said it is a very good vehicle to know what is going on in all the local communities. We try to have a lot of input from the Advisory Board and vice versa. I have 34 individuals that sit down when I do a budget and scrutinize it very heavily. It is their dollars and your dollars, and they do not give up those dollars unless you can prove the need. There are 34 government units that oversee the whole operation.

Mr. Martinbianco commented regarding the 30 day notification requirement and asked if the City initiates a project, how long is your time span.

Mr. Wright replied thirty days or less, unless it is a critical project that may need some additional reviews. Some of these things have to be reviewed by the State of Michigan. Thirty days to get it in and out of the Drain

Commissioner's Office should be totally adequate, but there are other time constraints involved with other agencies besides our office.

Mr. Martinbianco inquired regarding timeframes of a special assessment district, permission from the Drain Office, and also going to the City Council.

Mr. Major said he would hope when we start the special assessment district and have a preliminary set of plans, to get that over to the Drain Commissioner. They are going to be able to review capacity and location at that point in time, so when the final plans come through, all they are looking at is a very quick review.

Mr. Wright said there will come a point where capacities of all of the systems will be known, water and sewer. It is not too far off. We will know what system can handle it and which cannot. The City will know and other government units will know. It should be a streamlined process within twelve months.

Mr. Martinbianco spoke of concerns with building a sanitary sewer next to Gilkey Creek and Kearsley Creek, after concerns expressed of infiltration.

Mr. Wright responded he always wondered about that and he was not involved when those sewer systems were being installed. It can lead to problems. The tile itself is usually not the issue, it is the manhole covers. Kids knock them off, and after 20, 40 years, the concrete starts scaling off and you do not have a good seal. This is one of the areas they are spending a share of the 2.5 million in going through the flood plains and sealing those manholes that has been there for many years. We have already seen an improvement, and replaced 450 with special covers that lock down. We have started to get improvements in flows up at Montrose because of it. I really expect to improve it greatly in the next 18 months.

Mr. Wright continued that the reason it was done in the flood plains is because that was a natural low area and it eliminated the need for hundreds of pump stations which have mechanical parts that break down, and they require electricity that might get cut off, for whatever reason.

Mr. Wright said if you look at the northeast relief sewer and the western trunk, we did not maximize the use of flood plains. We were able to pick areas that allowed us to go down road ways, and existing utility corridors with a minimal amount of pump stations. The pump stations will have a back up power supply.

Mr. Martinbianco said he wants to thank the Commissioner for sharing this. I think there are still some rough edges the attorney alluded to.

COUNCIL COMMITTEE AS A WHOLE MEETING MINUTES

JULY 9, 2001 / 6:00 P.M.

PAGE -11-

Mr. Wright said this contract has been signed by 31 communities and that is not to say amendments cannot still be made. The contract in its current form will not change, any changes will have to come through an amendment process which I would be glad to present to the Water & Waste Advisory Board. If they feel the amendments should be part of it, we will pass the amendments to the Water and Waste Advisory Board, and it would come back to each local unit of government just as this contract has and be passed by each local unit as an amendment. Because of the sheer numbers of people that have approved it in its current form, everything will be done through amendment from this point on and not a complete contract change.

Mr. Martinbianco said any other questions Council has, they may want to direct them to the City Attorney, and if there is a necessity, be amendment drafts, if the Council should as a Committee as a Whole commit this to the Council as an agenda item next Monday night, the City Attorney be advised he should prepare such requisite amendments.

Mr. Major said we would end up with a number of letters of understanding as it relates to administrative function of this. I think we can handle some that way, and Mr. Wright understands other communities with DPW's would have some letters of agreement.

Mr. Martinbianco said as long as Council is apprised as to what those letters of understanding are and much like they are in our union agreements, and they pass muster to the City Attorney, then I would not have a problem with that.

Mr. Centilli said in reference to sewage, does Grand Blanc, Mundy, Goodrich, Burton, Davison, Genesee Township basically at the present time, have all those lines heading for pump station #2.

Mr. Wright replied yes, it is the city township interceptor.

Mr. Wells inquired regarding how this will affect future developers in the City of Burton.

Mr. Abbey responded that we really don't know. There are some negative aspects any time there is a charge back, a new fee. Time will tell what kind of impact it will have on development.

Mr. Hamilton said our tap-in fees are on the low end of the scale. Our competition is not Lapeer and Owosso, it is within Genesee County and everyone that builds within Genesee County will have this same charge imposed on them. We will have an economic advantage based on our existing rates.

Mr. Cross inquired regarding the manhole covers.

Mr. Wright indicated they are trying to eliminate those individuals that intentionally use the sewer system to drain surface water. It will lead to sewer backups into basements and we are trying to eliminate the easiness of getting into the system. We plan on replacing 10,000 covers over the next 5 years.

Mrs. Tinnin stated there were earlier comments on bonds not being issued till the project bids are in. You have this dilemma you are faced with in the Fenton and Linden area, and how are you going to remedy this.

Mr. Wright responded that the Fenton, Linden and Argentine area is a separate water and sewer system from the system that Burton and these other 34 communities are on. They have a smaller system called District 3 and District 7, and I have been meeting with the local units of government showing them what happened and why it happened, and what needs to be done to resolve it. The local units of government in that area decided they will pay the difference out of their reserves as opposed to raising rates to the customers or going to a second bond issue.

COUNCIL COMMITTEE AS A WHOLE MEETING MINUTES

JULY 9, 2001 / 6:00 P.M.

PAGE -12-

COUNCIL DISCUSSION ACTION:

Mr. Martinbianco spoke regarding Item #1, and stated if there are any discussions that may come up relative to potential amendments that may pass the muster of the City Attorney, and/or any memorandums of understanding that would be done pursuant to the passage of the contract through the DPW, that those be brought forward prior to the time of taking the vote on Monday evening.

Mr. Wells said he does not want to stop pursuing our own means of becoming more independent with our water and sewage problems, and continue to pursue becoming an independent city in that manner.

Mr. Wright said he will try to attend the next Council meeting.

Mr. Martinbianco recommended that if Mr. Wright cannot attend the next meeting, and there are questions of the public based on the criteria we discussed this evening, either the administration and/or the City Attorney be present to answer any questions.

COUNCIL DISCUSSION/RECOMMENDATION:

Cross moved and Bement seconded the following motion:

1. To recommend the approval of the Genesee County Water & Sewer Contracts to the City Council at the next Reg. Council Meeting on July 16, 2001 at 7:30 p.m.

Motion carried, 6-0.

MEETING ADJOURNED AT 7:56 P.M.

jra