

CITY OF BURTON
FINANCE SUB-COMMITTEE MEETING MINUTES
MARCH 13, 2002, 4:30 P.M., POLICE/FIRE FACILITY

Danny Wells, Chairman, called the Finance Committee Meeting to order at 4:30 P.M.

MEMBERS PRESENT: Centilli, Tinnin and Wells.

MEMBERS ABSENT: None.

OTHERS PRESENT: R. Riess, Water & Sewer Supervisor; B. Becker, Treasurer/Controller and C. Ladd, Deputy City Clerk.

PURPOSE OF THE MEETING: DISCUSSION AND POSSIBLE RECOMMENDATIONS CONCERNING THE FOLLOWING:

1. WATER AND SEWER RATE ADJUSTMENTS

PRESENTATION:

Mr. Riess provided the committee with several packets for their information. He explained that the first packet contains a revision in the language of Ordinance No. 6 dealing with an increase in the monthly Readiness-to-Serve Charge. Attached is a rate schedule and the effective date would be April 1, 2002. This increase will bring in approximately \$24,000 to \$30,000. The last increase was in March of 1994 and over those years, we have had increases in our operational costs. This is not a huge increase. Genesee County is raising their water rates, which will be approximately a little over \$3,000.00. This will help offset the increase to the City. At this time there is no increase in the commodity charge. We may have to discuss that later this year or next year. Detroit has already increased their rates by 13% to 16%.

AUDIENCE PARTICIPATION:

There was no one in the audience.

COMMITTEE DISCUSSION:

Mrs. Tinnin commented that the rates were increased last year. She asked if the sewer rates had been increased.

Mr. Riess replied that it was the commodity charge that was increased from \$1.65 to \$1.80. The sewer rates for the City haven't been increased in eight years. Last year we passed on the charge that the County passed to us.

Mr. Becker stated that there were no additional revenues for the City; it was just a pass-through from the County.

Mrs. Tinnin asked how much is currently unappropriated for this year?

Mr. Becker said the retained earnings, which is not necessarily unappropriated surplus, is \$1,857,000.00. As discussed at the audit workshop, this value also includes the pipes in the ground, which means we don't necessarily have this much in money. We have historically, during budget times, restricted ourselves for new construction of about \$100,000.00 per year. The budget we are currently putting together reflects \$100,000.00 of new waterlines to be installed in a couple different areas.

Discussion was held on the franchise customers in the area of Cheyenne and Menominee.

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Mrs. Tinnin suggested that the burden be placed on the new users coming into the area.

Mr. Becker said as Mr. Riess indicated, we haven't had an increase for anything to do with our current funding levels for a period of eight years. Clearly, we haven't passed anything but county rates on to the customers.

Mr. Riess commented that what retained earnings we did have in the sewer budget, has had a dramatic decrease. We have been trying to hold the line as much as possible without getting the customer involved.

Mr. Becker said this was mentioned at the audit meeting.

Mrs. Tinnin noted that she would like to get factual figures of what we would receive from the residents on Cheyenne and Menominee.

Mr. Becker stated that the people on Cheyenne and Menominee are paying a higher rate because of them being a franchise customer. They are Burton residents just like everyone else.

Mrs. Tinnin asked what the rate increase would be.

Mr. Riess indicated that the increase would go from \$78.00 to \$79.20, which figures to be \$1.20 per quarter for the average residential water customer. He also reviewed the sewer rates and possible increases. The existing rate for sewer is \$13.33 per month and the proposed rate is \$16.00 per month. The customers that have a meter pay the premium rate for sewer disposal for anything over 1,250 cubic feet. The last time the sewer rates were increased was in 1994. At the budget workshop, the interest income was a big item whereby we were receiving 4%. We are only receiving 1.5% at this time. This totals \$227,000.00 less than what we figured because of the loss of interest revenues.

Mr. Riess stated that effective April 1, 2002, the county will increase the rates to \$12.00 per month. He reviewed page 3 of the packet, indicating he is proposing a change in the language in regards to the irrigation meters.

A discussion was held concerning the process of activating and deactivating of the water lines. Mr. Riess discussed getting the bulk of the customers who are currently on the City of Flint system off that system and onto the city's water system.

Mr. Centilli asked how many customers the city has.

Mr. Riess replied there are 6,395 residential customers and 788 commercial customers.

Mrs. Tinnin inquired about the amount of customers that are delinquent.

Mr. Riess advised there are probably 40 to 60 delinquent customers per month.

Mr. Becker commented that there are usually between 200 and 300 delinquent notices mailed monthly.

Mr. Centilli asked if any of the delinquents were from the mobile home parks. He was advised that Greenbrier is the only mobile home park that is metered.

Mrs. Tinnin inquired about the operating costs in the water department.

Mr. Becker gave a brief overview of the operational costs.

COMMITTEE RECOMMENDATIONS:

Moved by Tinnin to table these items and bring them back at budget time. Motion died for lack of support.

Moved by Centilli, seconded by Wells to recommend the following resolution to the City Council:

1. Approve and authorize, pursuant to Article I, Section 1.03 of Ordinance No. 6-J, as amended, the Readiness-to-Serve Charge be increased as recommended by the Finance Committee, with an effective date of April 1, 2002.

Motion carried 2-1 with Tinnin voting no.

Moved by Centilli, seconded by Wells to recommend the following resolution to the City Council:

2. Approve and authorize, pursuant to Article I, Section 1.03 of Ordinance No. 6-J, as amended, the Irrigation Readiness-to-Serve Charge as recommended by the Finance Committee, with an effective date of April 1, 2002.

Motion carried 2-1 with Tinnin voting no.

Moved by Centilli, seconded by Wells to recommend the following resolution to the City Council:

3. Approve and authorize, pursuant to Article I, Section 1.03 of Ordinance No. 6 (C) as amended, the Readiness-to-Serve Charge to be increased as recommended by the Finance Committee, with an effective date of April 1, 2002.

Motion carried 2-1 with Tinnin voting no.

4. Approve and authorize, pursuant to Article VIII, Section 8.05 of Ordinance No. 54, as amended, the Sewer Treatment Charge be increased as recommended by the Finance Committee, with an effective date of April 1, 2002.

Motion carried 2-1 with Tinnin voting no.

Meeting Adjourned at 5:10 P.M.

Cheryl M. Ladd, CMC
Deputy City Clerk

CML