

CITY OF BURTON
FINANCE SUB-COMMITTEE MEETING MINUTES
APRIL 12, 1993, 6:30 P.M., COUNCIL CHAMBERS

The Finance Meeting was called to order by Ted Hammon, Chairman, at 6:30 P.M.

Members Present: Zelenko, Cox and Hammon.

Members Absent: None.

Others Present: Mayor Charles H. Smiley; B. Becker, Treasurer/Controller; R. Riess, Water Supervisor; R. LaDuke, Building Supervisor and W. Walworth, City Clerk.

PURPOSE OF THE MEETING: Discussion and Possible Recommendation concerning the following items:

1. Hidden Trails Subdivision #1 by Mr. Gary Sabo.
2. Sanitary Sewer and Watermain.
3. Water Franchise Agreement.

PRESENTATION:

WATER FRANCHISE:

Rick Riess discussed the rate increases he needed for the five franchise customers from Flint. He said the Flint rate structure is higher than ours and we are losing money on these five accounts.

HIDDEN TRAILS SUB:

Mayor Smiley said Gary Sabo, of Future Homes, was present to explain his project.

Mr. Sabo reviewed the Hidden Trails project and said they are designed to be in an affordable range of \$80,000 to \$90,000. He said he wants the City to put in the water and sewer with a payback to the City as each house is built.

AUDIENCE PARTICIPATION:

WATER FRANCHISE:

None.

HIDDEN TRAILS SUB:

None.

COMMITTEE DISCUSSION:

WATER FRANCHISE:

Mrs. Zelenko asked for further clarification. Mr. Riess said we are subsidizing these accounts and they should pay for themselves.

FINANCE SUB-COMMITTEE MINUTES

APRIL 12, 1993/6:30 P.M.

PAGE -2-

Mr. Hammon asked if the proposed new rate increases in the new Flint budget would affect the new rates. Mr. Riess said we should be o.k. if the new rates are passed by our Council.

Mayor Smiley noted that we want to include any new future franchise customers in these rates.

Mrs. Zelenko wanted to be sure there is ample advance notice to these customers.

HIDDEN TRAILS SUB:

Mr. Cox asked how many homes were involved in the project. Mr. Sabo replied 120, with the first phase at 51. He said the homes would be in the upper \$80,000 range.

Mr. Sabo said he would like to sell the 51 lots this year with two years to build and one year to sell out. He said he should be completed with phase I by the end of '94 or first of '95.

Mr. Cox asked about the potential revenues to the City.

Mayor Smiley said he hopes to do a cost sharing with Davison but they want to go further than we do. He said he will meet with Mr. Parks tomorrow.

Mr. Cox asked about the indirect payments. Mayor Smiley said there would be other lands that might be developed at a later date, like the land owned by Blessed Sacrament. He said we should see added revenues from the project such as those produced by increased population. We would see added revenue from taxes and State Shared revenues.

Mr. Becker suggested two options to the committee. Option one is to use monies from the water fund which would take us down to \$300,000. He said we should be o.k. if no major repairs occurs in the south end. He said in the past, the Water Department has used the interest income in their budget which would be reduced. He also noted that the interest income has been reduced due to the low interest rates. Option two would be to increase the loan to the sewer fund as there are probably no new projects in the near future. He said the paybacks will depend on how fast the houses are built.

Mr. Cox said there was a third option of the developer paying the cost of the water and sewer inside the project. Mr. Sabo said in that case, the project wouldn't work, as they needed the up front monies from the City. He also noted that the Mayor was being innovative and aggressive, but were we being sensible.

Mayor Smiley said the project was very sensible and we need to generate revenues for the future of our City. He said if we sit back and do nothing, then all the elected officials, both Mayor and Council, must take the responsibility of finding new revenues to run the City, which are just not there at this time outside of new developments. He said the water and sewer funds can only be used in those areas. He said we have low interest rates at this time, limited SEV and we need to take advantage of the funds available to us to stimulate growth. He said if we do not proceed with the project, we may miss the boat and he is being sensible. He said we must plan now for our City's future in the year 2000.

Mr. Hammon said it was a difficult decision to decide which comes first, the developments or the developers, but we must be aggressive in our decisions. He said he thinks we still had the sewer fund as an ace in the hole.

Mr. Hammon reminded the committee that we must move forward as a City or suffer the consequences down the line.

Mr. Hammon asked about bonding for the developer. Mr. Major said a a surety bond will be required.

Mr. Sabo noted that bringing the water in will be a cost to them also. He said City water would be attractive for people to participate in the project.

Mr. Hammon noted that those residents on wells, around the project, will be very happy to see water coming in as it will protect their water level and also allow them to tap in if their wells go dry down the line.

Mr. Major said this was an investment which will come back to us beyond the initial cost, sometime in the future.

Mr. Cox said he had no problem with the service and was only concerned about being able to pay for it.

Mr. Major said if any new projects emerge, then they will have to wait until 1995 or 1996 when the funds are replenished.

Mr. Cox also asked about being filled in on the sewer costs and asked for a review of item #7 on the \$220,000 sewer costs. Mr. Cox asked what we will do when Sabo comes back for phase II.

Mr. Major said the lions share of the money will be back in the funds and then we can look at Mr. Sabo's phase II.

Mrs. Zelenko asked how soon the Mayor could have an answer from Davison. Mayor Smiley said a meeting was set up tomorrow.

A discussion took place concerning coming in from the back end and the savings which would result on water and sewer if this was feasible.

Mr. Hammon said we must look ahead and the Council is elected to bring in new revenues for the City's future.

COMMITTEE RECOMMENDATIONS:

WATER FRANCHISE:

Moved by Zelenko, supported by Cox to recommend to the total Council that the five (5) present franchise water customers from Flint, and any new future franchise customers, shall be charged as follows:

Meter Size:	Monthly Readiness To Serve Charge:
5/8"	\$ 13.83
1"	\$ 25.73
1.5"	\$ 35.00
2"	\$ 52.85
3"	\$106.75
4"	\$187.25
5"	\$367.50

All water used shall be at the uniform commodity charge of \$2.33 per 100 cubic feet. Motion carried 3-0.

FINANCE SUB-COMMITTEE MINUTES

APRIL 12, 1993/6:30 P.M.

PAGE -4-

HIDDEN TRAILS SUB:

Moved by Zelenko, supported by Hammon to recommend to the total Council the approval of the attached resolutions #1 through #9 relating to the water and sewer program for the Hidden trails project. Motion carried 2-1 with Cox voting no.

Meeting Adjourned at 8:00 P.M.

Respectfully Submitted,

William R. Walworth
Burton City Clerk

WRW/cml