

CITY OF BURTON
LEGISLATIVE COMMITTEE MEETING MINUTES
JUNE 7, 2010, 6:00 P.M., COUNCIL CHAMBERS
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The Meeting was called to order by Chairwoman Paula Zelenko at 6:05 p.m.

MEMBERS PRESENT: Zelenko and Wells.

MEMBERS ABSENT: Haskins.

OTHERS PRESENT: Mayor C. Smiley, Atty. R. Austin, Anita Crumrin, Clerk Typist, Treas. Office/Water Dpt., and J. Adams, Deputy City Clerk.

PURPOSE OF THE MEETING: Discussion and possible recommendations concerning the following:

- 1. Ordinance 2010__51.142, An ordinance amending Sections 51.142, 51.143, 51.144 and 51.145 of Chapter 51 of the Code of Ordinances of the City of Burton by the Establishment of New Procedures Governing the Operation, Billing and Collection of Water Accounts, including procedures regulating affidavits of non-responsibility for rental properties within the City.**

PRESENTATION:

Mayor Smiley stated the City bills on a quarterly basis and in that process sometimes it is 5 to 6 months before a resident's water is actually turned off. He met with staff and we came up with an idea he believes is a win-win for all of us. I believe if Council looks at this ordinance and make it available for a monthly read for our rental properties, it will solve their problems as far as collecting their tenant's water bills, or however they want to work it. It will also cut down on the number of affidavits we need on file to cover delinquent water bills. For a first time set-up cost of \$45.00, we can put rental residential properties on a monthly read. For example, in January of 2012, it would be \$30.00 a year after that. This will allow our Treasurer/Water Department to work together to synchronize the water meter's route. That property would be in the system and the landlord or tenant, however they set that up, will get a monthly bill. If they didn't pay it, it would trigger a turn off notice. Mayor Smiley stressed we do not require a landlord to put an affidavit on a property, or to do monthly reads. They can stay on the quarterly read, but in talking to the water department if that is the case, we should raise the affidavit cost to \$675.00.

Anita Crumrin expressed it was still going to be \$225.00 if they go on the monthly.

Mayor Smiley said if they are on the monthly read, we were still going to have them put the affidavit in place. We currently have approximately 2,000 residential rental properties in the City, which is probably over 30% of our water customers. We have 6,000 to 7,000 water customers in the City.

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Mr. Austin said the Mayor accurately outlined the biggest changes that he included in the proposed ordinance. The shutoff, the discontinuation of service procedures, are spelled out more clearly than what we have now, in Section 51.143. Mr. Austin addressed C5 on the 2nd page of the proposed ordinance. The provision states that in the event of a demonstrated hardship, a property owner may apply to the Mayor for an extension of time to pay an outstanding bill. The Mayor may grant such an extension or set up payments on the account, but in no event shall the account be forgiven or reduced unless there has been a demonstrated error in the calculation of the bill. Mr. Austin stated further he would amend anything needing changes.

AUDIENCE PARTICIPATION:

Henry Tantenbaum, 521 W. Court St., Flint, asked how long the City would allow a person to live in a home that has their water turned off. Mayor Smiley responded that our role is not to kick people out of their house. We don't have the authority to evict because of that.

Mr. Austin said just because we terminate water service, they are not required under the law to buy municipal water. They may dig a well or go to Wal-mart and buy water. As the Mayor indicated, it is not our job to terminate their occupancy of the premises unless the building department determines a premise for some reason poses a danger to the public health, safety or welfare. It is not inconceivable that water could be terminated, and people could continue to live there indefinitely. It is not our purpose in shutting water off to evict people from their home. Just terminate the water service till they pay their bill.

Mr. Tantenbaum said if a tenant owes a water bill and then moves across the street and starts a new water service, could there be a way of holding the user of that utility solely responsible.

Mr. Austin said in the existing ordinance, there is a provision in Section 51.142 C, that says the Water Department shall have the right to refuse or discontinue water service to any person, if that person has failed to pay an outstanding invoice at a previous premise.

Mr. Tantenbaum said he feels the user of that utility should pay the \$40.00. If there is a \$35.00 annual fee it should be to the water customer rather than the owner of the property. It is the tenant that is the citizen, the voter, the one using the water. Consumers Power turns power on or off and it is between them and their customer. This is no different. It is a contract between the City of Burton and the water user.

Mayor Smiley said the reason we felt the owner of the property should be the responsible person for the fee, is because the set-up cost and the work we have to do to put it in the system is going to require a lot of work. You may have tenants walking out of your property every 3 months. It is \$40.00 for the initial set-up fee and then \$30.00 every year after that. If a tenant comes in every 3 months we will charge the same initial set-up fee. This is a new system, a start to help the landlords in a situation of a water bill. Council can always tweak it 6 months from now, or a year from now, if they find another way.

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Mr. Tantenbaum said he feels it is a step in the right direction. He is not trying to criticize the entire ordinance. Mayor Smiley said he appreciates Mr. Tantenbaum's comments. In talking with Anita and the water meter person, they both said we could do this. When you get both parties together, lets give this a try.

Robert Burley, 320 S. State, Davison, asked Mr. Austin if he would read aloud 51.142 C. Mr. Austin complied. Mr. Burley said a good dialogue between tenants, landlords and the City, is in a positive nature for the City. I would rather come to a Council and work in a spirit of cooperation as opposed to a spirit of confrontation. If we look at both positions, even if it is diverse, it will satisfy the City's needs and the landlords needs. The Mayor said 2,000 of the 6,000 of residential properties are rental units. That is pretty much a national average of 30 to 35% of residential units in a city, are tenant occupied premises. Keep in mind, somebody needs to provide housing for that 1/3 of the population that cannot or will not have their own homes. That is our job as landlords. We provide a beneficial service to that part of the population of this nation, that can't seem to get on the other side of things.

Mr. Burley referenced 51.143 C5, regarding the hardship provision. He says it states the property owner may apply to the Mayor. It doesn't say a property owner and/or a tenant. You can talk to your billing department about that, but I would think there would be a few more instances of the tenant needing consideration then a property owner needing consideration. He recommends that change be made.

Mr. Burley referenced the \$225.00 and the \$675.00 deposit. He said it states under 51.144 E1, an affidavit of non-responsibility of the request of monthly billing shall be accompanied by a deposit of \$225.00 from the property owner. The tenant could look at that and say I don't have to pay it, it says the property owner has to pay the deposit. I think the person seeking the service ought to be required to pay it. If you want to put language in there that says it can be negotiated between the landlord and the tenant that is fine. When we are in negotiations with a tenant, to put a tenant into a property, we can work it one way or the other depending on things. I don't think it should just be the responsibility of the property owner. Any time where you are expecting money to be paid, it probably should be set up in the alternative so it can be either the property owner or the tenant.

Mr. Burley asked for clarification if they want to leave someone on a 3 month billing cycle, they have to pay \$675.00.

Mayor Smiley replied if you want the affidavit, yes.

Mr. Burley said there is not a tenant he knows that is going to be able to come up with the first month's rent, a security deposit, and then the \$675.00. We should look at the extent of the deposit. When I read the revisions, I think you may want to tighten things. I don't know the mechanics or how quickly the people in the water department can respond, but it says for residential accounts, they shall be discontinued in the event any charges shall not be paid within 60 days. I don't know why we are giving people the due date. Mr. Burley asked how far is the due date from the date of the actual reading of the meters and sending out of the bills.

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Mrs. Crumrin replied it is about 6 weeks later that the bill goes out and it is due the 15th of the month. If somebody moves into a house and they have a January bill date - due January 15th, that covers water used in September, October and November. However, the meter is read the beginning of November. It is water used through the beginning of November. That bill would be subject to shutoff in March. By the time that comes around, they have used the rest of November, December, January, February, and if they up and move, you are looking at 6 months worth of water.

Mr. Burley said in his opinion, that cycle needs to somehow be shortened. Maybe the mechanics of the office won't allow it. On one side you are saying we need a deposit of \$675.00, and that must be coming from your thought they are going to escape with a 6-month water bill. On the other side of the fence, how do we shorten that cycle down so that extent of a deposit is not necessary?

Mayor Smiley said that is why they went with a monthly read. We are trying this new program.

Mr. Austin stated under our current ordinance, a bone of contention between the City and the landlords has been our policy that the deposit filed with the affidavit of non-responsibility is applied against the final bill only. That has been a problem. If the landlord elects to go with the 3 month billing, the \$675.00 is an insurance purchase. He is purchasing insurance that he will now be absolved from any liability on any past due water account.

Mayor Smiley said he was elected in 1991 and we had very few affidavits. It was the landlords that put the affidavit on the property. That affidavit stayed on file from tenant to tenant as long as there were not any issues. Now it seems the landlords are requiring their tenant to put the affidavit on each time they change tenants. That is giving us a little bit of a different problem than we were faced with several years ago.

Mr. Burley wanted to clarify, that it use to be the landlord would file an affidavit twenty years ago, and it would hold the whole time. Mayor Smiley said yes, it stays with that property forever, unless they don't pay the bill. Landlords were keeping it on their properties to protect them. It was just lately that the landlords stopped putting it on their property and started to require the tenant to put it on the property. Not every landlord requires the tenant to do that. But now there has been a change in philosophy from the landlord to the tenant, and that shift has given some issues to administer.

Mr. Austin said Section 51.144 C2, the proposed language says the filing of an affidavit of responsibility shall further have the affect of waiving liability for usage charges as to the property owner for that property so long as the affidavit and deposit remain on file with the City and all annual fees if applicable are paid. So it is an insurance policy that the landlord is free to take out against a high water bill under the current system you could get with an affidavit of responsibility on file.

Mr. Burley inquired regarding the set-up criteria for monthly billing.

Mr. Austin stated the monthly billing is an option. The quarterly billing is the default billing and you don't have to show anything. If you are a residential, that is the default billing for a residential premise. If you want to accelerate that into a monthly, you have to meet these criteria and one of

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them being the demonstrated relationship - landlord/tenant. You don't have to do that if you opt to go to the monthly billing situation.

Mr. Burley asked if he stays on the quarterly and pays the \$675.00, he doesn't have to show proof of tenancy? Mr. Austin responded the affidavit of non-responsibility would be the proof of tenancy we would need in that situation.

Mrs. Crumrin said when the landlord and the tenant come in together to sign the affidavit, we check the ID of the tenant. That is our proof they are the tenant. We don't require a copy of the lease or anything to that affect. We have had problems in the past with people saying they are someone other than who they are. Then when it came time for the refund, they couldn't cash the check.

Mr. Burley asked if the affidavit is required to be signed in their presence?

Mrs. Crumrin stated yes. Everyone gets their copies at the same time and we have no issues with that.

Mr. Burley said he is still struggling with the large deposit on the 3-month billing. You will probably find there will be more monthly billings because not too many people can afford the \$675.00.

John Stapish, PO Box 190134, Burton, said page 6 under C, the City shall mail notice of the water shutoff to the occupant not less than 14 days. Tenants know they haven't paid the bill but the landlords don't. He asked why the landlords don't get a copy?

Mrs. Zelenko expressed you do have access on the Internet to look up the bills to check on your properties to see if those bills are paid.

Mr. Burley said Davison sends the notice to the landlord and the tenant.

Mr. Stapish said in Section 3 in 51.144, the discontinuance of the service to the property or may be transferred to the credit of the future occupant by written request to transfer received by the depositor. Mr. Stapish asked why a tenant would put an affidavit on there to transfer to a tenant in the future. They want the money back - they don't pay the last month's rent when they move out anyway. You have the electronic means to track these tenants all over the County. It is just a matter of choosing to do so. Consumers Power does it.

Mr. Stapish said Section 2 of 51.144 could be eliminated completely. Tenants do not have the extra money. They are not going to transfer it to any future tenant. In C, the property owner shall be, however remain liable for all tap-in and connection fee and charges. You are not going to rent a house if there isn't any water tap-ins there. They are all done unless they are brand new. You are not going to get a tenant moving into a brand new house that doesn't have any tap-in. That can be eliminated too.

Art O'Neil, business address of 1423 E. Bristol Rd., Burton, stated everyone in this room knows we are living in very difficult times. There are many, many vacant properties in the City of Burton and each and every day there are more foreclosures in the City of Burton. Forbes.com has the City of

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Flint and the City of Burton listed in the top 10 of the worst dying cities in the United States. City of Flint has 27.2% unemployment. I grew up in the great depression and it was 28% in Genesee County.

Mr. O'Neil stated further, tenants typically have a difficult time paying their deposit, security deposit, tenants homeowner policy to protect their liability and goods in the house. I only have 2 rentals which is 2 too many. They are constant problems. People are out of work, getting laid off and so forth. This is just putting more of a headache for the landlords in the city. Tenants don't have any money or jobs. If they do have a job it is for a month or two and then they get laid off, if they can even find a job. One tenant was off 7 months last year and I let them continue to live in the house. They just signed a promissory note for over \$6,000 in the rears. I couldn't kick them out in the street because I wasn't brought up that way. Since the 2,000 Census, there is only one city in the United States that lost more population than Flint and it was New Orleans - and it took a hurricane to do it. At one time there were 78,000 GM jobs in Genesee County and now we have less than 8,000. There is nowhere for people to go and work except for minimum pay. I feel sorry for the tenants and the landlords. I feel sorry for the different units of governments. I have been on the Grand Blanc Township Board of Review for the last 34 years because I feel you should be involved in what is going on in your unit of government. Mr. O'Neil stressed to always think before you leap on these changes because it appears the changes will be more difficult on everybody.

COMMITTEE DISCUSSION:

Mr. Wells said they are trying to make things better for business people as well as the residents of the City of Burton. I applaud the Mayor, his administration and Mr. Austin. This may set the standard for other communities. You don't have to sign up for anything. Mr. Wells asked if other residents could opt for the 30 days?

Mayor Smiley replied it is his hope we can extend it and start here to see how it all works between the Treasurer's and Water Department. If it works, I think it is a possibility.

Mr. Wells said it would be a lot easier to pay a bill every month for \$40.00 or \$45.00 than every 3 months. The 3 months comes along and it is a pretty large bill for water and sewer. Not only for renters but regular residents too. Like Mr. O'Neil just said, there are a lot of people laid off in this town. We can tweak it as we go. This is much better than I thought we could do. I appreciate the audience comments - this is what we need. We are all in the same boat together. This gives me something to go back and think about. Mr. Austin can maybe sit down with the Mayor and his administration and talk about some of these things that were brought up. This is something we are diligently working on.

Mrs. Zelenko said they would schedule another Legislative Committee Meeting for when most everyone present tonight can be here again.

Meeting adjourned at 7:00 p.m.

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