

Fraser City Council - Special Meeting
Tuesday – January 21, 2014 - 7:00 P.M.
Municipal Building

A Special Meeting of the Fraser City Council was conducted on the above date at the City Municipal Building, located at 33000 Garfield Road, Fraser, County of Macomb, Michigan.

Present: Mayor Hagerty and Council Members Accavitti, Carnagie, Cilluffo,
Hemelberg and Jennings
Absent: Council Member Morelli
Also Present: Richard E. Haberman, City Manager
Kathy Kacanowski, City Clerk
Jack Dolan, City Attorney

1. **Call Meeting to Order** - Mayor Hagerty called the special meeting to order at 7:00 p.m. Mayor explained Councilman Morelli is still absent due to family illness and weather conditions.

Member Hemelberg moved, seconded by Member Accavitti, to APPROVE THE EXCUSED ABSENCE OF MEMBER MORELLI.

The motion carried unanimously.

2. **Pledge of Allegiance**

3. **Approval of Agenda**

Member Accavitti moved, seconded by Member Carnagie, to APPROVE THE AGENDA AS PRESENTED.

The motion carried unanimously.

4. **Citizen Participation on Agenda Items** - none

5. **Presentations** - none

6. **Public Hearings** - none

7. **Consent Agenda** - none

8. **Requests For Council Action**

- a. **Request Council discuss water rate options**

Manager Haberman provided an overview of the water rate issues including the budget, ready to serve costs and variable costs. Some options are billing by address (such as multi-family units), adding a fixed charge to irrigation meters, or increasing the meter charge. Other options are to refinance the current debt or move the cost of debt service to taxes. He also explained the equivalent meter based rate system which is based on meter size.

Member Jennings spoke of the history of water billing. She stated the variable rate is not high compared to other communities and her concern is how to fairly distribute the cost of the fixed rate among our customers. She stated we are currently using a consumer based system and is against a meter based system.

Member Hemelberg proposed taking out a 20 year bond, charge by the number of doors or addresses and place on taxes. He stated he spoke to people in Lansing who are meeting this week to try to get this idea approved. He also prefers a feed line (meter system) and voiced concern that no other community uses the type of formula we are currently using.

Fraser City Council - Special Meeting
Tuesday – January 21, 2014 - 7:00 P.M.
Page Two

Member Cilluffo is concerned with going to second meter billing since residents put them in for a reason-to benefit the city as well as themselves. He prefers a closer look at cost and savings for a service line (meter) system.

Member Carnagie stated the numbers suggested by the City Manager are monthly, not one-time, costs. He also noted that if the County takes over the Water Department, any suggestions or plans the City makes will be void.

Member Accavitti questioned the average use of the second meter and figures were not available but would be provided to Council. Member Accavitti stated he would prefer to look at billing by address and refinancing the debt to see what the savings to the customer would be. He asked the City Manager to breakdown the fixed costs; however, the Mayor stated this could be done later as he wanted this to continue as a round table.

Mayor Hagerty sketched a “truncated line” under Fourteen Mile explaining feed lines off the main line that go to homes and businesses. He would prefer to bill by actual address such as apartments. He stated the total debt is 19,836,000 and we could bond this for 25 years and divide by addresses; Fraser debt is 7,964,000. He stated this refinancing is currently being reviewing in Lansing for legality. He stated the fixed cost could be reduced and placed on taxes. He also noted fire suppression systems in buildings are tested each year and we need a fair formula for the water and sewer usage.

At this time, Mayor Hagerty invited residents to speak on this topic.

Al Bileti, 16796 S Gardenia
Janet Calabrese, 17926 Breezeway
Dave Stouder, Linden St.
Jeremiah Shaw, 32376 Crestwood
Mike Lesich, 15201 Fairview

Mayor Hagerty brought the discussion back to Council. Member Cilluffo stated conservation of water is not helping the issue and also stated every home does not have the same size feed lines.

Member Jennings voiced concern that the agenda was not being followed and she preferred to follow the City Manager’s outline of the five options presented.

- 1) Billing by Address - she stated the City is collecting more on the current system than if we were to bill by address. She recommends Finance Director provide statistics on this. She is also concerned there is a possibility of a double charge for apartments and is against this.
- 2) Irrigation Meters - Current costs are \$1.50 per meter for repairs/maintenance. City Manager proposes \$5/meter and \$1.50/second meter. Second meter cost is year round and it would not be cost effective to remove it for the winter. Member Jennings proposed \$1.50 for the second meter and \$1 per unit consumption fee.
- 3) Increase Meter Charge – Member Jennings stated with no data, she cannot justify the \$5 increase. Her concern is if a second meter costs too much, residents will have it removed. She recommends \$2/meter fee if cost can be justified.
- 4) Refinance Current Debt - Member Jennings stated the City cannot refinance debt we do not owe as noted by the City Manager. She questioned the legality of this and Attorney Dolan stated these issues are handled by municipal financing. Member Jennings voiced concern that refinancing would reduce your immediate bill but would be more costly in the long run due to interest, and we would be leaving a debt for future generations. Although she is not in favor of this, she would like to see Representative Marilyn Lane continue to pursue this option.

Fraser City Council - Special Meeting
Tuesday – January 21, 2014 - 7:00 P.M.
Page Three

5) Move Cost of Debt Service to Taxes – Member Jennings voiced concern that water customers who use six units or less, 70% of Fraser’s population, would pay more due to an increase in taxes. A small group will stay even, approximately 10-20% will pay less, and the rest will pay more.

Member Jennings stated most communities charge per meter because it is easier to compute. If we change to this type of system, businesses would pay more. She noted some communities shift costs to businesses because they do not vote so this is a political issue. Member Jennings spoke briefly on the legality of charging the same fee for everyone and requested Attorney Dolan provide a legal opinion. Member Jennings stated she feels the current system is fair. She would like data regarding the fire suppression testing to determine an appropriate fee since there is currently no charge for the water or sewer.

Member Hemelberg asked Member Jennings if she thought it was fair to charge a higher Ready To Serve fee for higher users. She responded that everyone should pay their fair share and the theory behind charging those with higher usage was the additional strain on the equipment. Member Hemelberg provided scenarios using trash pickup and road usage to show unfairness of charging higher usage fees. Member Jennings noted the City did charge the same fee to all users at one time but the legality of this was questioned and she only wants the charges to be distributed fairly.

Member Cilluffo stated the cost to maintain larger lines is different than smaller one inch lines, which may impact costs and how we bill. He would like to see a breakdown of all costs.

Member Accavitti stated his opinion is that all ideas should be explored and would like to see actual numbers before any decisions are made.

Mayor Hagerty provided four items he would like data on: 1) actual billing addresses using 6300; 2) refinancing the current debt for 25 years; 3) meter size usage such as commercial, industrial, residential and res/irrigation; 4) other items such as second meters, and fire suppression testing.

Mayor Hagerty requested Manager Haberman provide another option such as a blended or hybrid plan for Council to consider.

Manager Haberman advised Council that the card stock for water bills will run out in a few months and the City could change from postcard size to a full size bill with more detail of the fees. With Council’s approval, he and the Finance Director will get cost proposals. Mayor Hagerty and Member Cilluffo agreed with this idea.

Mayor Hagerty summarized that Manager Haberman will provide data requested by Member Jennings and himself along with a blended plan. Manager Haberman stated he should have this information to Council by the end of February.

Mayor Hagerty remarked that former Warren Mayor, Mark Steenbergh, was present and invited him to speak. Mr. Steenbergh stated he currently works with Anthony Marrocco, Public Works Commissioner. He stated they have an interest in this topic and what is being discussed. He also spoke of new material coming in from Texas that is expected to last for 100 years. Member Jennings noted that Fraser rates are high because we are a small community. She inquired whether we could hook up to Sterling Heights and Warren but Mr. Steenbergh stated Warren has its own waste water treatment facility. He did note there were many discussions in the past regarding joining Centerline and Fraser with Warren.

Fraser City Council - Special Meeting
Tuesday – January 21, 2014 - 7:00 P.M.
Page Four

Member Carnagie asked what our goal is tonight. Manager Haberman stated he would like a system that provides more certainty especially in the area of fixed costs and is frustrated with past fluctuations. Member Carnagie stated he believes one system may not work and we will probably end up with a blended system.

Attorney Dolan stated all water/sewer systems run the same as there may be a surplus then deficit; Council will need to make policy on how far forward to plan.

9. Report of City Administration/Pending Items

Manager Haberman stated he and Randy Warunek met with the owners of the gas station (formerly Ernie's). They hope to provide plans soon for the Planning Commission to review so work could begin in the spring. He also confirmed the owner of the former Dairy Queen property should begin work in the spring.

Mayor Hagerty requested an update on the Almeda case and Attorney Dolan responded they are moving forward.

10. Report of Mayor and City Council/New Business

Member Hemelberg thanked the Department of Public Works for their work during the recent snow storms.

Member Cilluffo provided information on the upcoming Daddy/Daughter Dance and Fraser First Valentine Dance.

Member Jennings invited residents to call her if they would like to discuss this topic further.

Member Carnagie looks forward to finding a fair and equitable plan and advised residents to check for leaks.

Member Accavitti had nothing at this time.

Mayor Hagerty also thanked the D.P.W. for their work. He stated he would like a special meeting in February to discuss pension and retiree health care, one in March to discuss Capital Improvements, and in April to discuss goals. He also thanked Council for their work during this meeting.

11. Citizen Participation

Mike Lesich, 15201 Fairview
Janet Calabrese, 17926 Breezeway
Terry DeFauw, 33855 Garfield

12. Adjournment

Member Carnagie moved, seconded by Member Accavitti, to ADJOURN THE SPECIAL COUNCIL MEETING OF TUESDAY, JANUARY 21, 2014 AT 9:58 P.M.

The motion carried unanimously.

Respectfully submitted,

Kathy Kacanowski, City Clerk

Doug Hagerty, Mayor