

2/27/2008 Meeting

In attendance: Don Mason & Paul Stauder of Stauder Barch & Associates, Jim White, Maxine McClelland & Brad Harrington of Big Rapids Township, Jim Peek, Jack Wellnitz, and Denise MacFarlane

Jim White presented three issues that need to be addressed:

1. The existing 1995 Contract - Rate Methodology
 - a. Has the City consistently applied methodology for the collection system?
2. Are there pieces of the methodology that need to change?
3. The Rate Structure for the Townships.

TOPICS THAT WERE DISCUSSED:

Flows in the City have been declining & the Townships have been increasing over the last 10 years.

City wanted to increase rates per 1000 gallons (\$.30 - \$.60 - \$.90) and to set aside the extra to help with improvements that would help run the WWTP more efficiently. The townships have not seen any accounting on what has been set aside for these improvements.

Extra monies from Ice Mountain did not all go into the Sewer Fund. Some of the monies went into a Special/Dedicated Fund for Improvements (ie. street improvements).

Should the contract say that the \$.90 from the Townships and City has to go into the Sewer Fund.

There are three 'pots' of money to track through and make sure it goes to the appropriate fund(s):

1. \$.30 - \$.60 - \$.90 from townships (funding budget for improvements)
2. Extra monies from Ice Mountain.
3. Any other money.

The 1995 User Charge Agreement – pg. 20, 1st paragraph, 2nd line—
Townships charged for part of OM&R

is this paying on repairs & maintenance OR replacement?

Jim White stated that he was in disagreement with Big Rapids City Manager Steve Sobers on a change of allocation of money to benefit the City more.

Paul Stauder's finding is that the City was following the methodology other than the administration cost allocation -- should be salaries only.

Are we better off looking at & negotiating a new agreement?
the old one is up in 10 years
there are reasons to

Paul Stauder's idea/concept

create an Authority

- 3 communities share ownership & operation
(ie. each township would have 2 votes & the City 3 votes)
- Authority members would be voted on by each entity's Board
- Would give the townships a voice at the table.
(27% of the plant capacity is owned by the 2 TWPs)
- Once an Authority is formed a contract would be created to spell out what the Authority would do -- rolls of City & TWPs
- Could solve a lot of issues & reach a long term solution

Possible debate would be over the number of seats on the Authority. The Authority can be flexible with who is on the Board.

Don Mason & Paul Stauder would be there to present the concept of an Authority to the City.

City should be concerned & want to cooperate if they know that Big Rapids Township is seriously looking into building their own station. The City would lose a lot of revenue & the 1995 Agreement expires before the City's 20 year bond is paid.

Jim White will write an Attorney-Client Privilege letter to both Townships. The Boards can meet & discuss the concept of an Authority in a closed session.

For now Paul Stauder will send a letter to the City asking them to change their City administration cost allocation to comply with the 1995 User Charge Contract – to pro-rate it.