City of Albion

Study Session Minutes

May 22, 2017

I. CALL TO ORDER

Mayor Brown and Mayor Pro Tem Brown were not present at 7:00 p.m. Motion by Council Member Lawler, Second by Council Member Reid to appoint Council Member French as Acting Mayor Pro Tem. Motion passed on a voice vote.

Mayor Pro Tem French called the meeting to order at 7:02 p.m.

Mayor Brown assumed the chair at 7:06 p.m.

II. ROLL CALL

PRESENT: Council Members Lenn Reid (2) Marcola Lawler (4) Jeanette Spicer (5) and Andrew French (6). Mayor Brown and Council Member Maurice Barnes (1)arrived at 7:06 p.m. Sonya Brown (3) was absent.

STAFF PRESENT:

Sheryl Mitchell, City Manager (acting as Clerk); Cullen Harkness, City Attorney Associate; Jim Lenardson, Director Public Services; John Tracy, Director Planning, Building & Code Enforcement

III. PUBLIC COMMENTS (Persons addressing the City Council shall limit their

 comments to no more than three (3) minutes. Proper decorum is required).

 No comments were received.

IV. ITEMS FOR INDIVIDUAL DISCUSSION

1. Water Tower – Mickey Bittner

Mickey Bittner from Wightman & Associates is contracted to provide engineering services for the City of Albion. He provided an overview of the need to update and repair the water tower and water systems in Albion.

The Michigan Department of Environmental Quality (MDEQ), in a 2014 inspection report, recommended that the tower be painted. A Water Liability Study recommended that the City’s storage capacity be increased from the current 500,000 to 1 million gallons. The Council and City Manager retained the services of Wightman & Associates to identify options (Resolution #2016-61). The 500,000 gallon equates to the City of Albion’s one-day use of water that needs to be stored. There is also increased demand for fire suppression. There is some decrease in demand for consumer use due to more efficient appliances.

Mr. Bittner presented several scenarios.

* Repair of existing water tower plus addition of new tower: $2,522,000. With a total 50 year cost of $3,912,000.
* New 1 million gallon tower: $2,810,000. With a total 50 year cost of $3,785,000.
* 15 Water Main replacement projects: $3,231,000

The DEQ does not permit 4 inch water mains any more. Recommendations included upgrading from 4 inch to 6 or 8 inch water mains. Also, eliminating the bottle necks in the system.

Council Member French offered another scenario: keeping the 500,000 gallon tank and adding a 1 million gallon new tank.

One of the recommendations for a new site is the 425 property because it has the highest elevation, provides for cross system flow, and is visible from I-94.

The United States Department of Agriculture (USDA) offers a loan for up to 45% of the project. USDA loans /bond rates are currently approximately 2.7% and projects can be financed for a period up to 40 years.

Wightman & Associates will assist with the preparation of a grant and/loan application to the USDA in order to fund these improvements. The current water rate is $1.42 per 100 cubic feet. In order to qualify for the USDA grant, the water rate must be 1.5% of the median household income (MHI). According to the 2010 Census, the MHI in Albion is $27,614. Based on the 1.5%, the annual water rate would need to be approximately $414.21 per year or $34.52 per month. This would be an increase from the current average of $232.80 per year or $19.40 per month. Mr. Bittner shared information from a recent study (March 2017) that showed that Albion has one of the lowest water and sewer rates in the state. One option to adjust water rates is to have an ordinance that makes an annual adjustment based on the Consumer’s Price Index (CPI) for utilities.

Mr. Bittern identified the 3 main components in order to plan to move forward:

1. Preliminary engineering report
2. Environmental Review (takes about 3 months; needs to first identify the scope of the project)
3. USDA application

Council will need to first make a determination as to how to proceed. The timeline would be 16 months until construction starts.

Comments / questions received from Mayor Brown and Council Members Barnes, Spicer and Lawler.

V. PUBLIC COMMENTS (Persons addressing the City Council shall limit their

 comments to no more than three (3) minutes. Proper decorum is required).

Ed Trine, 709 Division. Noted that in addition to the water rates, there is a Ready to Serve rate for water and sewer.

VI. ADJOURNMENT

 French moved, Spicer supported, CARRIED, to ADJOURN Study Session. (6-0, vv).

Mayor Brown adjourned the Study Session at 8:57 p.m.

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Date Jill Domingo City Clerk