

Roll Call	<p>A work session of the Kalamazoo City Commission was held on Monday, November 28, 2016 at 6:00 p.m. in Conference Room A of the City's Harrison Street Facility, located at 1415 North Harrison Street.</p>
	<p>COMMISSIONERS PRESENT: Mayor Bobby Hopewell Vice Mayor Don Cooney David Anderson Matt Milcarek Jack Urban</p>
	<p>COMMISSIONERS ABSENT: Erin Knott Shannon Sykes</p>
	<p>Also present were City Manager Jim Ritsema, City Attorney Clyde Robinson, and City Clerk Scott Borling.</p>
Commissioners Excused	<p>Commissioner Milcarek, seconded by Vice Mayor Cooney, moved to excuse the absences of Commissioners Knott and Sykes. With a voice vote the motion passed.</p>
Adoption of the Agenda	<p>By unanimous consent the City Commission adopted its meeting agenda as presented.</p>
Communications	<p>An opportunity was provided for general communications, but no communications were offered.</p>
Discussion Items	<p>Discussion Items were considered next.</p>
Presentations and Discussion re: Utility Infrastructure Needs and Rates	<p>City Manager Ritsema reviewed the meeting agenda and introduced Public Services Director James Baker and Bart Foster of The Foster Group, Inc. City Manager Ritsema noted the Foundation for Excellence (FFE) would deal primarily with programs in the City's General Fund budget, and he explained the water and wastewater systems were supported by dedicated enterprise funds and user fees.</p>
	<p>Director Baker delivered a PowerPoint presentation entitled <i>Water and Wastewater Infrastructure Needs, November 2016</i>.</p>
	<p>In response to questions from Commissioner Anderson, Director Baker indicated the City continued to offer free lead testing and stated a report on the City's lead program would be released in December, which would include information on participation rates. Director Baker stated old water mains were replaced with ductile iron pipe, and he reported the City was part of an association that provided up-to-date research on ways to protect these pipes from corrosion. Director Baker stated the City was entering some critical years in terms of being able to keep up with the replacement of pipes. Director Baker noted that pipes installed before 1940 really needed to be replaced by 2040, as another 200 miles of pipe would reach the end of its service life between 2040 and 2060.</p>
	<p>Mr. Foster delivered a PowerPoint presentation entitled <i>2017 Water Rate Proposals, November 28, 2016</i>.</p>

Commissioner Anderson observed the City would still have below average water rates, even with the proposed rate increases, and he asked about status of the "true-up" process.

Mr. Foster agreed with Commissioner Anderson about the water rates, and he stated there was a true-up process for wastewater customers, as required by the 1998 lawsuit settlement, but not for water customers. Mr. Foster explained it was much more difficult to true-up rates for water service, which the City sold "door-to-door," as compared to wastewater service, which the City sold in bulk or on a wholesale basis.

Commissioner Urban questioned whether the point of the rate comparison chart was to celebrate the relatively low water rates for all users of the system or to point out the difference between rates in the City and the townships.

In response to Commissioner Urban, Mr. Foster pointed out that the City would still have lower rates than other Michigan systems, even after rate increases over the next five years.

In response to a question from Commissioner Milcarek, Mr. Foster stated most of the revenue generated by the rate increases would be used to fund the capital investments described by Director Baker.

City Manager Ritsema asked for direction on next steps and indicated the recommendation was for an across-the-board water rate increase of 8% effective January 1<sup>st</sup>, which would require the City Commission to offer a rate ordinance for first reading on December 5<sup>th</sup>, with final adoption happening on December 19<sup>th</sup>.

In response to a question from Mayor Hopewell, City Manager Ritsema stated the new rates needed to be in place on January 1<sup>st</sup> because the utility budgets ran on a calendar year. City Manager Ritsema indicated this meeting was almost like a budget work session.

Commissioner Urban expressed support for moving forward with the rate increase without delay.

Commissioner Cooney stated investments were needed to keep the water system whole, and he recommended accelerating the rate increase.

Mayor Hopewell expressed agreement with Commissioners on the next steps, and he stated this was not the year to ignore water and sewer infrastructure needs. Mayor Hopewell state he could not believe that some people were pushing back against this proposal.

When an opportunity was given for general citizen comments, the following people addressed the City Commission:

Rich Pierson, Director of the Kalamazoo Regional Water and Wastewater Commission and Director of Gull Lake Sewer and Water Authority, distributed and reviewed a letter he had sent to Commissioners and the City Manager in which he asked that the

Presentations and Discussion re: Utility Infrastructure Needs and Rates (cont'd)

Citizen Comments

Citizen Comments  
(cont'd)

City postpone the rate increase until April 1<sup>st</sup>. Mr. Pierson expressed appreciation for the system improvements that were needed but stated a 3-month delay for the proposed rate increase would have little material impact on the operation of the system.

Tim Hudson, non-resident and a representative of the townships, state utility rates should be set the right way, not just because the City had the right to set them.

Commissioner  
Comments

Finally, an opportunity was given for miscellaneous comments and concerns from City Commissioners.

Commissioner Milcarek questioned whether a rate adjustment and true-up were likely in three months, assuming the contract was finished, and he asked about the impact of postponing the rate increase.

Commissioner Urban asked what would be gained by postponing the rate increase and questioned whether Mr. Pierson and the townships could give assurances that the negotiation would be done in three months.

Commissioner Anderson noted for the record that Commissioners had received copies of Mr. Pierson's letter and the City Manager's response. Commissioner Anderson stated the City had been holding off on rate increases, and it seemed like the parties to the water service contract had been on the verge of a solution for a while. Commissioner Anderson observed that the City Manager had asked for a true-up provision in the final contract. Commissioner Anderson indicated the requested rate increase would not hurt anything or hinder the parties from moving forward on the contract.

Vice Mayor Cooney noted the poverty rate in Kalamazoo was twice the national average, and he expressed outrage that so much time, energy, and money had been spent on the issue of utility rates when the Kalamazoo region had some of the lowest rates in the country.

Mayor Hopewell stated the City had been mindful of contract negotiations and had not raised rates for almost three years, but it was time to move forward. Mayor Hopewell remarked that the rates paid by customers were reinvested in the water system, and he was able to support something that would benefit the whole community. Mayor Hopewell indicated there was no reason to believe a water service agreement would be finalized in three months, and he stated the City Commission would offer a rate ordinance for first reading on December 5<sup>th</sup>, with final adoption scheduled for December 19<sup>th</sup>.

Adjournment

The meeting adjourned at 7:47 p.m.

Respectfully submitted,

Scott A. Borling  
City Clerk

For City Commission approval on December 19, 2016

Approved by: \_\_\_\_\_  
Bobby J. Hopewell, Mayor  
Dated: December 19, 2016