

**EVALUATION OF THE SPICER GROUP REPORT**

**PROPOSING**

**SHARED SEWER SERVICES**

**BETWEEN**

**THE CITY OF DAVISON & DAVISON TOWNSHIP**

**Prepared by:**

**Sewer Committee**

**Joan Snyder, Chairperson/Councilwoman**

**Alex Fabian, Councilman**

**Michael Hart, City Manager**

**March 25, 2013**

On November 5, 2012, the Davison City Council took action regarding the Spicer Group Report, a proposal commissioned by Davison Township concerning consolidation of sewer services.

Motion 206-12 Davison Township Sewer Study, directed formation of a three member committee from the City to meet with Davison Township representatives for the purpose of discussion of the Spicer Group Report, dated June 11, 2012, in regards to the findings in the evaluation of sewer services between the City of Davison and Davison Township, and to make periodic reports back to City Council.

The following members were appointed to the committee, Councilman Alex Fabian, Councilwoman Joan Snyder, and the City Manager, Michael Hart.

The first organizational meeting of the Sewer Committee was held on November 21, 2012, and a plan-of-action was developed to facilitate future discussion with the Township. All members of the committee stressed the importance of maintaining an open dialogue with the Township.

The plan-of-action included a series of informational meetings in which pertinent information would be obtained to facilitate a comprehensive review of the overall sewer system within the City limits. Davison City Council would receive copies of meeting minutes and other pertinent documents.

The next meeting of the Sewer Committee was held on November 27, 2012, and Joan Snyder was elected chairperson.

Subsequent meetings were held on the following dates:

December 4, 2012	
December 12, 2012	Special Meeting w/Leanne Panduran, City Engineer
December 19, 2012	
December 20, 2012	Joint Meeting w/Davison Township
January 9, 2013	
January 14, 2013	Joint Meeting w/Davison Township
January 24, 2013	Joint Meeting w/Genesee County Drain Office
February 6, 2013	Special Meeting w/Andrea Schroeder & Edward Brown
February 12, 2013	
February 20, 2013	
March 6, 2013	
March 13, 2013	

DETAILS OF THE SPICER PROPOSAL: (See Exhibit A)

Operational Practices:

The operational practices of the City and Township are very different. The Township uses an independent contractor, and the report suggests the City could save an estimated \$100,000 or more by implementing this practice. The report also suggests additional revenue of \$60,000 could be used for sewer maintenance.

The City utilizes its own staff, equipment, facilities, and contract labor when necessary. A competitive bid process is conducted when outside labor is necessary. The Department of Public Works employees provide a very high level of service to both our residents and businesses.

The proposal would require that City staff continue to bill residents and businesses for sewer charges, as well as take sewer related complaints from those same customers. This would require the City to coordinate resolution of customer complaints with the Township. The City would still be responsible for complaints, on-going related maintenance, repair and replacement for the storm water system.

**Billing Practices:**

The billing practices of the City and Township are very different. The Township charges for water by the cubic foot, and sewer is based upon a Residential Equivalency Unit (REU) system. The City charges for water on a 1,000-gallon basis, and a ready-to-serve charge is billed based upon the size of the meter. Sewer usage is billed as a portion of the water bill, and has a charge that follows water usage, a ready-to-serve charge, and a capital charge.

An assumption is made in the report that the City would embrace the Townships' billing practice for sewer, which would ultimately reduce the cost to individual home owners but would increase costs substantially to residences which includes apartment complexes, commercial/industrial businesses, and the schools. At present, the City charges a monthly capital fee of \$2.00, which helps fund system repair, which includes the costs of basic Inflow and Infiltration fixes. The report assumes a continuation of this practice.

**Community Benefits & Challenges:**

The report suggests various benefits to the City and Township. City benefits would include reduced sewer rates for residential customers, reducing surcharge costs to the County, prioritizing inflow improvements, reducing overall expenses, and utilizing system enterprise savings to improve the sanitary sewer system.

Major challenges for the City would be loss of the sewer fund, which shares costs with the Department of Public Works. Loss of this fund would require the need to draw from other City funds. Multi-family residences such as apartment complexes, commercial/industrial businesses, and our school customers would see a significant increase in sewer charges.

Township benefits include significant cost savings in the proposed interceptor construction by utilizing the City's sewer system, reduction in surcharges and payments to the County, as well as meeting the State's requirements for cooperative inter-municipal agreements and shared services.

Major challenges for the Township include shared costs for the City's inflow and infiltration problem, as well as a shared liability for sewer overflows within the City.

The above information is provided for informational purposes as it relates to the findings of this report.

## **EVALUATION OF FINDINGS:**

**The City of Davison has a long history of shared service ventures, as evidenced by the Davison-Richfield Fire Authority, Davison Area Senior Center, Davison Area Library, Davison Community Enrichment & Recreational Services (DCERS), and Quad Government Unit.**

**As a means of evaluating the merits of the Spicer Group Report, as it relates to the City of Davison and its customers, multiple avenues were utilized to gather crucial information and data. The Sewer Committee was vigilant in its efforts to conduct a comprehensive investigation into all aspects of the proposal, and what benefit or impact its implementation may have upon the City. Cost savings were considered an important factor, however not the only factor.**

**The process included investigation of the sewer operations of the City, a review of billing practices & procedures for both the City and Township, current inflow & infiltration status, smoke testing results, various interceptor agreements were analyzed, joint meetings were held with the Township, key staff members interviewed, and expert(s) were consulted including the Genesee County Drain Commissioners' Office.**

**Although the City realizes sewer issues exist, important steps have been taken to improve inflow and infiltration by conducting smoke testing within the City, and the sanitary sewer system will be televised in the very near future. Completion of the televising process will facilitate the on-going repair and replacement of the sanitary system.**

**It is not acceptable for any additional waste product to pass through our city, and a commensurate increased flooding risk to occur. The Genesee County Drain Commissioners' Office expressed a very strong opinion about the Township disconnecting from the Black Creek Interceptor.**

**The City is also in receipt of a proposal written by The Genesee County Drain Commissioners' Office to provide additional services to the City at reduced rates, should a decision be made to join hands with the County.**

**A matter of the utmost and grave concern is the sewer enterprise fund. Loss of this fund would cause irreparable harm to our City and its customers. Continued operation of the Department of Public Works, and Office of the Clerk would be jeopardized. Also, the level of customer service currently being provided to residents & businesses would be greatly diminished.**

**Therefore, upon careful research and review of the Spicer Group Report, the Sewer Committee, pursuant to its findings feels that it would not be in the best interest of the customers of the City of Davison to implement the recommendation contained within the report.**

**We sincerely thank the Township for spearheading this report, and for providing an opportunity to explore additional shared services. The investigation into the recommendation contained in the proposal has presented the City with a "snap shot" opportunity to comprehensively research and evaluate all aspects of our sewer operations.**

## Spicer Group Report from Davison Township Outline (Exhibit A)

### 1. Operation Practices

- A. The Township utilizes contract Labor.
- B. The City has its own staff, equipment and facilities
- C. The report suggests that the City could save money by implementing the Township's practice of contracting labor. (Estimated savings per the report \$100,000.00 plus)
- D. The report suggests an additional \$60,000.00 could be put toward sewer maintenance.
  - i. Cleaning
  - ii. Televising
  - iii. Repair
- E. The City would still individually bill its sewer customers.
- F. Anticipated costs include the City receiving sewer complaints from residents and coordinating efforts to resolve those problems with the Township.

### 2. Billing Practices

- A. The Township and the City utilize different billing systems
- B. The Township charges for water by the cubic foot and sewer is based on a REU (Residential Equivalent Unit) system.
- C. The City charges for water by the gallon, and a ready to serve fee based on meter size.
- D. The report assumes the City embrace the Townships billing practice for sewer resulting in a lower cost to individual home owners and an increase to apartment complexes and other businesses with multiple residents.
- E. The City currently charges a monthly fee of \$2.00 that pays for the current Inflow and infiltration project, the report assumes the continuation of this billing practice.

### 3. Community Benefits and Challenges

- A. The report suggests the following benefits to the City
  - i. Reduced sewer rates for residential customers
  - ii. Reduction in cost to County for surcharges
  - iii. Eliminating overflows would be a top priority
  - iv. Reduce overall expenses
  - v. Additional money could be put towards reducing inflow and infiltration as well as improving the capacity and integrity of the overall sanitary sewer system
- B. The report suggests the following benefits to the Township

Spicer Group Report from Davison Township Outline (Exhibit A)

- i. Significant cost savings in the proposed interceptor construction by utilizing the City's sewer system.
    - a. shallower
    - b. smaller
    - c. shorter
  - ii. reduced surcharges and payments to the County for the Township
  - iii. Cooperative inter-municipal agreements and shared services meet the State's requirements initiative requirements
- C. Drawbacks for the City include
- i. The sewer fund currently shares cost for the DPW
  - ii. If these costs are no longer shared with the sewer fund they would have to come from other funds
  - iii. Commercial and multiple REU customers would see a significant increase in sewer rates.
- D. Drawbacks for the Township include
- i. The Township would share costs of the City's inflow and infiltration problem.
  - ii. A potential of shared liability with the City for sewer overflows within the City.