

**MINUTES OF A WORKSHOP MEETING  
OF THE  
LAPEER CITY COMMISSION**

**February 4, 2008**

A workshop meeting of the Lapeer City Commission was convened from a regular meeting held February 4, 2008 at Lapeer City Hall, 576 Liberty Park, Lapeer, Michigan. The workshop meeting was called to order at 6:41 p.m.

**Present:** Mayor Sprague  
Commissioners Turkelson, Marquardt, Robinet, Farrington, and Bennett.  
City Manager Dale Kerbyson

**Absent:** City Attorney Ron Shamblin (excused – personal)

Mayor Sprague commented that the purpose of the workshop was to provide time for presentation by the property owners within the M-24/I-69 area, that there would be no debating back and forth, and that time will be available for questions and answers.

Tom Kenny, commented on representation of property owners south of I-69 area; petition to annex from the township originated in 2005; issues with township zoning; creation of Citizens for Greater Lapeer; expansion in this area; communication issues; the ability to have Commission hear their side; and that the focus of their presentation would be to provide introductions, project background, where they are today, their proposal, discussion, and where do they go from here.

E.J. Bahri commented on ownership of the five acres south of Ray Clemens; 26 years in Lapeer County; would like to see things happen in this area; and to see what they can do.

Melissa Perry, representing George Roberts, commented on ownership of a ten acre parcel.

Chris Lashbrook, commented on ownership of 237 acres north of I-69.

Kellie Krane, commented on ownership of property, relocation from City to the Township, and appreciation of help the Commission could provide.

Ray Clemens commented on his birth date; ownership of property in area; working with the township; working with the city; and glad to see a work session.

Rob Lawrence, representative of Rayco Associates; ownership of property in area; zoning changes with Township; working with property owners of area; time involved; the need to move on the project; preserving natural assets of area; creation of a buffer zone; enhancement of area; and assessment issues.

Bob Gilling commented on being local people; move to area in 1974; to continue projects in area; and projects that have occurred in the area including Woodbridge, Pines of Lapeer, and old Active Home building in Marlette.

Tom Kenny commented on working with the City; within the area since 1969; activeness within the community for over 20 years; City receptive of new ideas; challenges; and the ability to talk about this project.

Tom Kenny provided a power point presentation that included: Annexation Benefits: with water and sewer, expansion of City area, potential property value, increase of property tax, increase of City income tax, retail service options, and job potential; History with formal proposal brought to City that included all property owners south of I-69; Preliminary Cost Estimate, the exclusion of piping, Interlocal Agreement and paragraph stating City is responsible for water and sewer; easements that were freely

provided by property owners, City plans for construction financing, that the property owners were not involved until after September 2007, assessment of \$16 million in October 2007, that assessment was more than anticipated; told that 100% of property owners needed to agree with assessment, the breakdown of Citizens for Greater Lapeer into two groups being the north side and south side of I-69, that the group represented here was for the south side of I-69, assessment drop which was still two times more than anticipated, the need to become creative and look at other options, the review of a recovery district, City Manager Kerbyson's comments that the City would not discuss a payback option, the property owner proposal to the City that included a pay back district, City consideration of proposal and City decision made without input from the property owners, and learning about City decision in the LA View; Where We Are Today: that property owners agree to revised sewer route and accept responsibility whether it be more or less, property owners acknowledgement that the City's water and sewer route is the best for the City overall; Our Proposal: reasons include lack of City funds to finance the project, overall cost of project exceeding budget, infrastructure costs is up to 5-10 times the property cost, the Michigan economy, creation of proposal, and that 100% of infrastructure costs would be fronted by property owners; Part I: of the Property owners original proposal was rejected by Commission that included payment for the entire special assessment, allow a special construction cost recovery plan for their portion of the project, and the pre-paid tap fees that could be transferred to their customers; Part II: of the Property owners revised proposal includes owner payment of the entire special assessment, the allowance of a cost recovery plan on the portion that does not directly benefit property owners, the issuance of pre-paid tap fees that could be transferred to their customers based upon final cost of project to include interest, total water costs for project, and that they would pay all sewer related costs but request assistance in water portion; Sewer and Water Tap-in fee: revenue potential in City and Township, the increase of City sewer and water tap-in fees from 2000 to 2007, minimum requirements they feel would service property, proposed city plan for service, analysis based upon acreage, that 66% of the area is outside city, example of tap formula based on Ray Clemens property; Why Does This Make Sense: in that the property owners are willing to step up but only if they can get relief, that it is not statutory for them to do so, that they want the project to happen, the willingness to work with City and be involved in the process, to have the City understand why the property owners feel the way they do, come up with a win-win situation, REU areas, open up dialog with City, and that property owners feel that proposal is equitable and is arguable as equitable; and Discussion: with City representatives.

Mayor Sprague commented that this is a workshop not a debate session; the Commission may ask questions; items that the Commission will not consider; the agreement that it is time to move forward; past projects and the payment of infrastructure costs; payment of costs from point A to B; discussion of not doing project one step at a time and do all at once; that property owners were told that they would have to pay for entire system all at once; reasons why a loop system is needed; review ways to ease burden; City investment in the project; use of funds within scope of residents versus non-residents; and bearing of costs by property owners.

Discussion was held regarding bond, property owners investment and the feeling of not bearing all the costs, and City funding of \$2 million of project cost.

Commissioner Farrington commented on the Interlocal Agreement and the paragraph that relates that any development to property will be borne by property owners; that a loop system would bring utilities that much closer to other areas; the benefit to property owners; that acreage alone is not a correct equation to use; that this is not a business to business relationship; municipal responsibility to taxpayers; cannot take service away from residents in relation to the project; that something within the whole package can maybe worked out; and legality of providing taps to private individuals.

Mayor Sprague commented that it was the general consensus of the Commission that taps/REU's will not be considered and that the water assessment to the property owners is the only issue that may be considered.

Doug Skylis, Rowe Engineering, commented on the loop system, the need for second source of water supply, water pressure within system, and alternate source to provide water supply should a break occur.

Commissioner Robinet commented on the prison area and the need for a loop system that is now in place, payment for lines to property, and the possibility of the City to review project and what can be done.

Brief discussion was held regarding tap-in fees and additional funding.

Commissioner Turkelson commented on the reasons behind tap-in fees; tapping into a system that works; the understanding that the property owners be reimbursed for 33% of the water costs; the understanding that property owners are willing to pay for all the sewer costs; the property owner understanding for the need of a loop system with Tom Kenny responding yes, but that their engineer says their way would still have protection and that the City's best interest is the loop design; that giving back funding does not feel right; pay back of a REU to a system that already exists as well as tap-ins is an issue with Tom Kenny responding that the tap-in fees were increased and used the example of the Woodbridge project, and that they were told that the increase and infrastructure is for future use; costs to build existing system; costs to implement changes; residents paying for a system that is in place.

Mayor Sprague commented that the Commission would not consider REU's, that the system benefits the property owners; the need to review data regarding water tap-ins; Tom Kenney responding the need to be creative and the shock of costs; prediction of sticker shock at costs; and the need to look at responsibility to residents.

Commissioner Turkelson commented on the uniqueness of the project; consideration of alternatives but not REU's; work to resolve issues; that time is of the essence; and City ability to receive bonds at a good rate.

Tom Kenny thanked the Commission for their time.

Commissioner Robinet commented that he has lived here over 40 years; new businesses will help the City grow; City should do everything it can to get the job done; the ability to make money back; the economy of the State; and to have staff bring back solutions to the Commission.

Commissioner Farrington commented in support of Commissioner Robinet; to acknowledge limitations; and what is their power as a Commission.

Discussion was held regarding to look at expectations of both sides; need to determine where project is heading; funding; impending opportunities of area; possible closed session to discuss with the answer being no the Commission cannot as this is not a negotiation; need to review portion of project that does not benefit the property owners; the ability to substantiate City costs; the justification from a fiduciary standpoint; responsibility to citizens; the review of solid numbers; and ability to bring review of project back to the property owners.

The general consensus of the property owners is that Tom Kenney is their representative contact for information for property owners south of I-69.

Mayor Sprague commented that the goal is to come up with working numbers; to have the numbers prior to next meeting; and to start the assessment process at the next meeting.

Tom Kenny asked if technical issues regarding water and sewer lines could be discussed between their engineer and the City's engineer. The response was that engineering discussion could be made with Doug Skylis, Rowe Engineering.

Discussion was held regarding potential development area, that meetings should be held every week regarding this project, and that everyone was invited to attend those meetings.

Tom Kenny commented that he appreciates the Commission's time and looked forward to being good partners with the City.

There being no further business to discuss, it was moved by Commissioner Turkelson to adjourn the workshop meeting and return to a regular meeting.

The Workshop meeting adjourned at 8:13 p.m.

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William J. Sprague, Mayor

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Donna L. Cronce, CMC, City Clerk