

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

**February 11, 2008**

A workshop meeting of the Lapeer City Commission was held February 11, 2008 at Lapeer City Hall, 576 Liberty Park, Lapeer, Michigan. The workshop meeting was called to order at 6:00 p.m.

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

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

City Manager Dale Kerbyson commented that the purpose of the workshop was to provide staff alternatives to potentially sub-fund or alleviate the M-24/I-69 Corridor special assessment.

Mayor Sprague commented that the concept of the meeting was to try and figure out what portion of the project does not benefit those in the special assessment district.

Mr. Kerbyson commented that the whole project exists because of the developments, who asked to get project up and going, utility impact, review on acreage basis, developer's concept of a 33% benefit within project area with 66% benefit being outside project area.

Discussion was held regarding the first concept based on the revenues from the annexed area that does not have an actual cost to the city, the 1500 water taps provided to the township and use of those taps, average water taps within the past year, the potential revenue received of \$624,750 that could be added to City's portion of assessment, that sewer installment is not an issue with the developers, and the review of water portion only.

Discussion was held regarding the second concept based on actual use of water taps over a time frame resulting in a value of \$699,720.

Discussion was held regarding the third concept based on the number of water taps provided to the township with no rebate until the taps were sold resulting in a value of \$937,125.

Discussion was held regarding the fourth concept based on water line increase in size amounting to 32% to accommodate the potential demand from the 1500 residential taps resulting in an amount of \$2,674,945.28, that the water line will need to be placed anyway with only a difference in the size of the pipe, that this analysis benefits the developers, that this concept ties back to a specific measurable base, future water fund projects and fund balance, increase of rates to customers, Enterprise Funds regarding water and sewer funds, and possible rate increase from Detroit Water of 30%.

Discussion was held regarding the fifth concept based on the consideration of benefit as a measurement to determine cost resulting in an amount of \$2,089,801. City Assessor Tom Hubbell provided a review of the benefit analysis to the property owners on M-24/I-69 in comparison to the single family taps available to properties in Lapeer Township. Discussion was held regarding increase of property value due to utilities, revenue from taxes, use of tax revenue to provide services to citizens, and that the City collects enough tax dollars to cover cost of services without generating large fund balances.

Discussion was held regarding future needs of city departments to cover additional growth of area, use of General Fund money to cover costs related to Water and/or Sewer Funds to supplement bond payments, differences of Special Assessment and General Obligation Bonds, the inability to justify use of City funds to cover an additional \$2 million, that the overall risk by the City will be a benefit in the long run, City responsibility versus developer responsibility of project area and facts to reach that point, phasing of the project area, property owned by City and current share of assessment, the ability to provide utilities to customers with sufficient capacity, and Interlocal Agreement with Lapeer Township.

Further discussion was held regarding that the City does not want to use any type of a payback system, that any amount of redirection would be over the \$2.1 million already assessed to the City for the project, future raises to water and sewer rates to offset costs, City obligation to project area, that the City could not afford additional funding for this project, budget trends, the

depletion of General Fund dollars, cutting of planned projects from budget to incur additional costs, the review of City responsibility of portion of project, review of developers request, the inability of the City to fund additional costs to the project, review of potential revenue of area, review of increase to water tap-in fees, review of expansion to the Industrial Park area and required services that were borne by property owners, and possible grants to offset costs.

The general consensus of the Commission was that the City could agree with the original assessment to be paid by the City of approximately \$2.1 million and that based on the data seen any potential amount would be lower than what the developers expect.

Discussion was held regarding percentage of benefits from water taps, revenue received from potential water taps, and Windwater Development request for separate lines to service their site and that putting in multiple lines is not acceptable. Doug Skylis with Rowe Engineering commented on the water capacity required to meet flow demands within the area. Further discussion was held regarding adding variables to the special assessment procedure and policy currently in place, and the additions to John Conley Drive and costs borne by the property owners that included the needs for future development.

Mike Arnholt, LA View, commented on the understanding of revenue based on taps within project area.

Discussion was held regarding the inability of the City to justify additional amount, infrastructure improvements and maintenance, current assessment charge to City, that any additional amount considered would not meet developers expectations, that the project needs to begin and done in one phase, that the property owners in the area will need to be on board with the assessment, tax tribunal procedures, review of bond process, review of water and sewer rates, that project costs is not a negotiation process with developers, City responsibility to look at options, special assessment process, continuation of Wednesday meetings.

The general consensus of the Commission was to have the City Manager advise the developers that the City could agree with the original assessment to be paid by the City of approximately \$2.1 million, that the City could not justify additional amount towards project, to request waivers from the developers regarding the special assessment amount, to begin the special assessment process at the next meeting, and to begin the bond process in order to get the project going.

Ray Clemens commented if the project would be done as a whole, revenue to be received by the City within the project area, that the City is requesting a loop system, additional costs to be incurred by the property owners including permits, property may be to high to sell, the benefits of the project to the City, and that the City should help with what they can on the water portion.

There being no further business to discuss, it was moved by Commissioner Farrington to adjourn the workshop meeting.

The Workshop meeting adjourned at 8:16 p.m.

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William J. Sprague, Mayor

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Donna L. Cronce, CMC, City Clerk