

# Proposed

# “South Haven Area Water-Sewer Authority”

Joint Session  
of  
South Haven/Casco Township Water & Sewage  
Treatment Authority  
and  
South Haven Board of Public Utilities  
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Presented by:

Ron Bultje  
Scholten Fant  
Townships' Attorney

Scott Smith  
Dickinson Wright PLLC  
City Attorney

# Over the last few years...

City, Casco Township & South Haven Charter Township leaders have focused on their water & sanitary sewer systems, reviewing:

- \* Current & projected future flows & capacities.
- \* Current debts & current rates, fees & charges.
- \* Current systems' challenges & needed improvements.
- \* Capital needs, costs & funding sources.
- \* Current ownership structures, myriad agreements.
- \* Changing regulatory requirements.
- \* Changing funding requirements (e.g., required funding of depreciation).
- \* Growing pressure from state officials & others for (formalized) intergovernmental cooperation.

Decided to explore a regional water/sanitary sewer authority, *if* ...

- A. All parties are treated fairly.
- B. No loss of local control/autonomy.
- C. Will not increase customer costs.
- D. Users will benefit.
- E. It will not be extra complicated.

\*Remember this slide.

# Why consider a regional authority?

1. State encourages & sometimes incentivizes regional cooperation.
2. City & Townships currently cooperate (e.g., planning, ordinances, etc.) without all benefits of cooperation.
3. Improve efficiency & reduce duplication, lowering customer costs.
4. Replace current complicated contract & debt framework.
5. Minimize future local legislative actions & contract changes.
6. Maximize facility utilization before expansion.
7. Recognize Township customers' payments for facilities costs.
8. Provides one-stop for job providers & homeowners.
9. All system users will have the same O&M rates.
10. Empowers all stakeholders with a voice in decisions.
11. Common approach to systems' care.
12. Improved system stability with larger customer base.

# How does current system play out?

- \* How does a homeowner experience the permitting process?
- \* How does a business get needed permits?
- \* How does billing occur.

Ross Stein & Brian Dissette will explain.

# What law authorizes a regional authority?

- \* 2 principally available statutes:
  - \* 1955 PA 233 – used for Casco-South Haven Authority.
  - \* Municipal Partnership Act, 2011 PA 258.
- \* MPA may allow more flexibility, particularly in funding.
- \* Bond markets not as familiar with MPA, but with bond counsel you have used in past, likely no problem.
- \* MPA requires contract to address certain issues & allows addressing others.

# Current complexity adds to contract length.

- \* The number of involved entities:
  - \* City of South Haven
  - \* Casco Township
  - \* South Haven Charter Township
  - \* Allegan County
  - \* VanBuren County
  - \* Casco/South Haven Township Sewer & Water Authority
- \* All have some ownership interest.
- \* Outstanding debt balances.
- \* Constitutional & charter requirements.
- \* Myriad current contracts among parties & others.
- \* Needed improvements.

# SHAWSA purposes.

§1.1 – “The South Haven Area Water-Sewer Authority (“SHAWSA”) is created for the purposes of acquiring, owning, leasing, constructing, installing, operating, repairing, maintaining, replacing, improving, extending, enlarging and undertaking any and all other functions, powers and privileges regarding public water and sanitary sewer services in the City, South Haven Township and Casco Township.”

- \* Limited to water & sanitary sewer.
- \* Provides broad powers as limited by contract.
- \* Intended mostly to serve 3 communities.



# Governance.

- \* 7 member board with staggered 4-year terms serving at pleasure of appointing bodies.
  - \* 3 appointed by City Council.
  - \* 2 appointed by Casco Twp. Board.
  - \* 2 appointed by South Haven Twp. Board.

# SHAWSA powers.

- A. ... acquire, own, lease, construct, install, operate, repair, maintain, replace, improve, extend, enlarge & undertake any & functions, powers & privileges regarding water & sewer services in City & Townships.
- B. ...adopt ordinances, rules and regulations for water & sewer services in City & Townships. ...issue permits to connect to, to use or to construct, install, operate, repair, maintain, replace, improve, extend, or enlarge water & sewer services in City & Townships.
- C. ...apply for, hold, maintain and renew any permits, certificates, licenses or other approvals needed to undertake functions, powers and privileges regarding water & sewer services in City & Townships.
- D. ...acquire by purchase, by lease, or by eminent domain, any real or personal property necessary to fulfill its functions, duties or obligations, or to exercise privileges related to water and sewer services in City & Townships.
- E. ...employ or contract for or engage such personnel, firms, service providers, contractors, professionals or others to fulfill functions, duties or obligations, or exercise its privileges related to water and sewer services in City & Townships.
- F. ...fulfill functions, duties or obligations, or exercise privileges or powers related to water & sewer services in City& Townships, by entering into contracts with one or more of the parties or others.
- G. ...by contract provide water or sanitary sewer service to customers outside Townships & City.
- H. ...exercise any powers or privileges provided by the Contract or by the MPA.

# Ownership & control.

- \* State constitution requires vote to convey City water/sewer systems.
  - \* Contract would allow for ultimate conveyance.
  - \* Like in Detroit, lease of Systems without a vote.
    - \* (Unlike Detroit, rent is \$1.00 per year.)
- \* Townships' systems will be conveyed when possible.
  - \* Counties would consent to that arrangement.
- \* Combined Systems would be called "SHAWSA Water System" & "SHAWSA Sewer System."
- \* SHAWSA would control, operate & manage all as if it absolutely owned all.
- \* SHAWSA could not sell, lease or otherwise convey any interest in any part of SHAWSA systems without approval of both Township Boards & City Council.

# SHAWSA operating principles.

- \* All users are retail customers treated equally.
- \* Board can approve expansion without approvals of local governments provided it does not require debt or impair existing service.
- \* But need approval of the Township Board or City Council to extend lines within that local government.
- \* Must have a written purchasing policy.
- \* May (really, must) adopt & enforce rules & regulations.
- \* Rates are to pay for all costs.

# SHAWSA funding.

- \* Generally, rates, fees & charges.
- \* Special assessments.
- \* Tax levy:
  - \* Requires prior approval of *each* Township Board & City Council; and also
  - \* Requires approval of voters in *each* local government at an even year general election.
- \* Contributions from local governments.
- \* Contractual payments.
- \* Other miscellaneous income.

# Debt.

- \* New debt requires approval of each Township Board & City Council.
  - \* Revenue bonds.
  - \* Contract bonds.
  - \* Installment purchase agreements.
  - \* Special assessment bonds.
  - \* Act 185 bonds.
- \* New debt will be issued by SHAWSA, not by local governments.
- \* Existing debt will be paid from rates paid by current users already paying the debt or by their local government.
- \* Local governments may pledge full faith & credit.

# Rates.

- \* All users will pay the same OMR&R charges.
- \* Current debt service charges continue until debts are paid.
- \* No free service.
- \* Special contracts are possible.
- \* SHAWSA Board will set rates on “cost of service” basis.

# Initial arrangements.

- \* SHAWSA would initially contract with City for services based on the actual cost of providing the services.
- \* For continuity, Mr. Stein, who currently serves as Casco/South Haven Authority staff, would continue to serve as a liaison.



# Other provisions.

- \* Withdrawal with 2 years notice & continuing debt obligations.
- \* Termination results in disposal of SHAWSA assets:
  - \* As directed by parties, or
  - \* In the following way:
    - \* System components to local governments in which they are located. (With exception of NCG pumping facilities.)
    - \* Sale of personal property.
    - \* Funds, including sales proceeds, applied 1<sup>st</sup> to debt, then proportionally based on system revenues.

\*Remember this slide.

# Decided to explore a regional water/sanitary sewer authority, ***if*** ...

- A. All parties are treated fairly.
  - ✓ Equal partners, all with voting position on the SHAWSA board.
  - ✓ Equal OMR&R rates.
  - ✓ Recognizes Township customer's contributions.
- B. No loss of local control/autonomy.
  - ✓ SHAWSA board members appt'd by & serving as pleasure of Twp Bds/City Council.
  - ✓ Twp. Bds. & City Council approval needed for tax, debt, FFC pledge, or extending lines.
- C. Will not increase customer costs.
  - ✓ Eliminated duplication & increased efficiency should reduce costs over long term.
  - ✓ Will not be taking on existing debt of others. They continue to pay their own debt.
  - ✓ Maximizes treatment plant use before expansion is needed.
- D. Users will benefit.
  - ✓ Service should improve & everyone will have the same service.
  - ✓ Rates should be lower than they would be without regional authority.
  - ✓ One-stop answers.
- E. It will not be extra complicated.
  - ✓ Reduces the contractual & financing complexities.
  - ✓ A single board can act to approve water & sanitary sewer requirements.
  - ✓ Simplifies allocations of costs.



Questions?