



# CITY COUNCIL

## MEETING AGENDA

May 16, 2019

**Marc D. Tall, Mayor**

**Ronald J. Beauchamp, Mayor Pro Tem**

**Ralph B. Blasier, Council Member**

**Michael R. Sattem, Council Member**

**Peggy O. Schumann, Council Member**

**Patrick S. Jordan, City Manager**

**Phil DeMay, City Clerk**

**Ralph B. K. Peterson, City Attorney**

City Council Chambers located at: City Hall – 410 Ludington Street – Room C101 – Escanaba MI 49829

The Council has adopted a policy to use a Consent Agenda, when appropriate. All items with an asterisk (\*) are considered routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Council Member or citizen so requests, in which event, the item will be removed from the General Order of Business and considered in its normal sequence on the Agenda.

### Regular Meeting

**Thursday, May 16, 2019, at 7:00 p.m.**

CALL TO ORDER

ROLL CALL

INVOCATION/PLEDGE OF ALLEGIANCE -

APPROVAL/CORRECTION(S) TO MINUTES –

Pastor Scott Breault of New Life Assembly of God Church

Special Meeting – April 25, 2019

Regular Meeting – April 25, 2019

Special Meeting – May 2, 2019

Regular Meeting – May 2, 2019

APPROVAL/ADJUSTMENTS TO THE AGENDA

CONFLICT OF INTEREST DECLARATION(S)

BRIEF PUBLIC COMMENT(S)

PUBLIC HEARINGS

**1. Public Hearing and Adoption – FY2019-20 Operating Budget.**

**Explanation:** The Council has conducted four (4) public hearings and two (2) budget work sessions to set a proposed FY2019-20 operating budget. This is the final public hearing on the FY2019-20 City operating budget and will establish a City millage rate of 17.00 mills. Administration is recommending Council approval of the FY2019-20 Operating Budget and approval of the FY2019-20 Master Fee Schedule.

**2. Public Hearing - Notice of Street Improvement - South 32nd Street from 3rd Avenue South right-of-way to the existing pavement approximately 510.12 feet southeast on South 32nd Street.**

**Explanation:** The City of Escanaba received a petition for the construction of a 30 foot wide back to back paved street with curb and gutter on South 32nd Street from 3rd Avenue South right-of-way to the existing pavement approximately 510.12 feet southeast on South 32nd Street. As Part of the project, the City of Escanaba is required to conduct a public hearing on the proposed improvement so that citizens can comment and/or object to the proposed improvements. After the Public Hearing, Administration is recommending the Council schedule a Public Hearing date for June 6, 2019, on the proposed special assessment.

UNFINISHED BUSINESS – None

NEW BUSINESS

**1. Approval – Resolutions to Adopt and Implement a Local Pavement Warranty Program.**

**Explanation:** The Michigan DOT is requiring all cities and villages to adopt and implement a Local Pavement Warranty Program. This warranty program must be adopted no later than September 18, 2019, and be done in two resolutions. Administration is seeking Council approval of two resolutions to Adopt and Implement a Local Pavement Warranty Program.

**2. First Reading of Ordinance No. 1205, the Appropriations Ordinance, Including the Millage Rate of 17.00 Mills and Setting the Date of Thursday, May 23, 2019, for the Second Reading, Public Hearing, and Adoption.**

**Explanation:** Once the City Council approves the budget, the Council must approve a tax levy and authorize appropriations to implement the budget. Administration is recommending a special meeting of the Council for

Thursday, May 23, 2019, at 9:30 a.m. be scheduled for the second reading, public hearing, and adoption of Appropriations Ordinance No. 1205.

**3. First Reading of Ordinance No. 1206, the Tax Levy Ordinance, and Setting the Date of Thursday, May 23, 2019, for the Second Reading, Public Hearing and Adoption.**

**Explanation:** Section 9, Chapter VIII, of the City Charter requires the City, by Ordinance, to levy taxes that may be necessary to meet the appropriations' needs for the upcoming fiscal year budget. Administration is recommending a special meeting of the Council for Thursday, May 23, 2019, at 9:30 a.m. be scheduled for the second reading, public hearing, and adoption of Tax Levy Ordinance No. 1206.

**4. First Reading of Ordinance No. 1207, the Electric Rate Ordinance, and Setting the Date of Monday, June 3, 2019, for Second Reading, Public Hearing, and Adoption.**

**Explanation:** Annually, the City Council sets electric utility rates for the next fiscal year. Council is asked to consider this the first reading of Ordinance No. 1207 and to schedule the second reading and public hearing for June 3, 2019, at 9:00 a.m.

**5. First Reading of Ordinance No. 1208, the Wastewater Rate Ordinance, and Setting the Date of Monday, June 3, 2019, for the Second Reading, Public Hearing, and Adoption.**

**Explanation:** Annually, the City Council sets wastewater utility rates for the next fiscal year. Council is asked to consider this the first reading of Ordinance No. 1208 and to schedule the second reading and public hearing for June 3, 2019, at 9:00 a.m.

**6. First Reading of Ordinance No. 1209, the Water Rate Ordinance, and Setting the Date of Monday, June 3, 2019, for Second Reading, Public Hearing, and Adoption.**

**Explanation:** Annually, the City Council sets water utility rates for the next fiscal year. Council is asked to consider this the first reading of Ordinance No. 1209 and to schedule the second reading and public hearing for June 3, 2019, at 9:00 a.m.

**7. First Reading of Ordinance No. 1210, the Solid Waste Ordinance, and Setting the Date of Monday, June 3, 2019, for the Second Reading, Public Hearing, and Adoption.**

**Explanation:** Annually, the City Council sets solid waste rates for the next fiscal year. Council is asked to consider this the first reading of Ordinance No. 1210 and to schedule the second reading and public hearing for June 3, 2019, at 9:00 a.m.

**8. Approval – Service Agreement with the Sault Tribe Housing Authority.**

**Explanation:** Administration is seeking council approval for an amended contract with the Sault Ste. Marie Tribe of Chippewa Indians. The City provides services to the housing development owned by the non-tax entity and in exchange, the Sault Tribe pays the City \$150 per dwelling in the development. The contract remains the same with the exception of new language allowing for additional dwellings to be constructed and included in the payment to the City.

**9. Approval – Transfer of Ownership of Property and Concession Stand.**

**Explanation:** Administration is seeking approval to transfer ownership of Property and Concession Stand from the City of Escanaba to Escanaba Area Public Schools.

**10. Discussion – Process for Manager and Clerk Evaluations.**

**Explanation:** A discussion will take place concerning the process which will be used to evaluate City Manager and City Clerk.

Agenda –May 16, 2019

**11. Discussion – Water Agreement with Wells Township.**

**Explanation:** Update from the City Manager.

APPOINTMENTS

BOARD, COMMISSION, AND COMMITTEE REPORTS

GENERAL PUBLIC COMMENT

ANNOUNCEMENTS

ADJOURNMENT

Respectfully Submitted

A handwritten signature in black ink, appearing to read "Patrick S. Jordan". The signature is written in a cursive style with a large initial "P".

Patrick S. Jordan  
City Manager

**OFFICIAL PROCEEDINGS  
CITY COUNCIL  
CITY OF ESCANABA, MICHIGAN  
Work Session Meeting  
Thursday, April 25, 2019**

Pursuit to a special meeting notice posted April 17, 2019, the meeting was called to order by the Honorable Mayor Marc D. Tall at 6:00 p.m. in the Council Chambers of City Hall located at 410 Ludington Street.

**ADJUSTMENTS TO THE AGENDA** - None

**CONFLICT OF INTEREST DECLARATION** -- None

**NEW BUSINESS**

**Discussion - Informative Meeting on the Proposed Utility Rate Increase**

Water/Wastewater Superintendent Jeff Lampi and City Manager Patrick Jordan provided a PowerPoint presentation to members of the public regarding proposed utility rate increases. City Council took time to answer any questions residents had about proposed rate increases. (See attachment – A)

No council actions were taken at this Work Session.

Hearing no further public comment, the Council adjourned at 7:05 p.m.

Respectfully submitted,

Phil DeMay  
City Clerk

Approved: \_\_\_\_\_

Marc D. Tall, Mayor

# Creating the Annual Budget's for Water & Wastewater

Jeff Lampi  
W-WW Supt

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## W-WW Departments Oversight

- EPA
  - Clean Water Act 399
- Michigan DEQ
- Public Health Department
- City of Escanaba Council
- City Manager
- W-WW Superintendent

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## Key components used to produce Wastewater Department Budget

- Primary Settling Evaluation: 2014 to 2015
- SAW Grant 2015 – 2018
  - Created WW AMP
- Experience and advice of current and retired staff
- Engineering plans to mitigate future by-passes and abide to NPDES Permit

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## Snap Shot of WW Budget

CITY OF ESCANABA  
 2019-2020 Wastewater Fund Budget Request Workpaper  
 Fund Number 565  
 WASTEWATER FUND-INCOME STATEMENT

	Actual 2015-17	Actual 2017-18	Estimate 2018-19	Budget 2018-19	Budget 2019-20	\$ Change Col. 5-Col. 4	% Change Col. 5/Col. 4
Operating Revenues	1,421,732	1,549,110	1,702,030	1,691,800	2,022,200	330,400	19.54%
Less: Operating Expenditures							
Administrative Expenses	816,180	687,339	872,675	824,263	895,399	40,828	7.74%
Production Expenses	328,714	389,987	348,300	465,045	484,698	19,640	4.22%
Station Expenses	18,178	19,178	27,700	39,233	53,652	3,228	13.80%
Transmission/Distribution Expenses	100,874	108,328	167,764	189,169	188,232	(3,837)	-2.33%
Customer Service Expenses	28,236	36,659	28,200	28,666	28,340	(326)	-1.14%
Other Expenses	441,837	455,245	538,122	499,787	584,859	76,072	16.65%
Net Operating Income	(19,245)	(1,328)	(272,769)	(16,163)	179,822	195,985	-1286.69%
Plus: Interest Earnings	66,967	34,027	55,000	46,000	40,000	(6,000)	-13.11%
-Gain/(Loss) on Investments	(78,354)	(23,014)	0	0	0	0	0.00%
Less: Bond Interest Expense	2,109	1,682	338	675	0	(675)	-100.00%
<b>NET INCOME</b>	<b>(43,751)</b>	<b>-4,402</b>	<b>(238,087)</b>	<b>29,162</b>	<b>213,922</b>	<b>180,760</b>	<b>654.14%</b>

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## Wastewater Cash Flow

### Projected Cashflow Results - Wastewater Fund

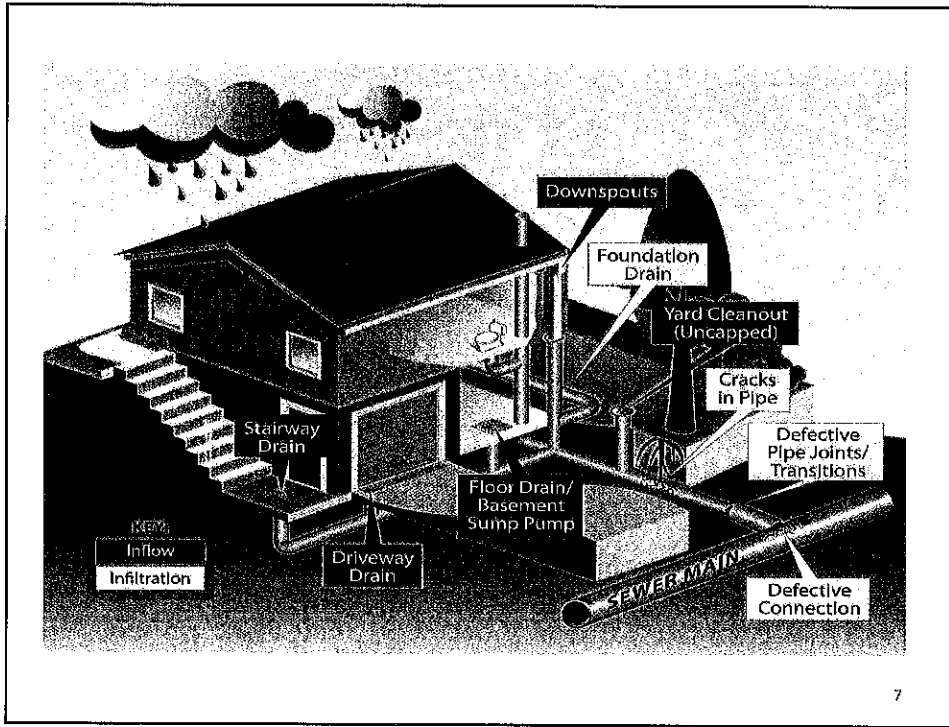
	18/19 Approved Budget	18/19 Estimate Budget	19/20 Proposed Budget
Profit & Loss	-\$15,163	-\$272,769	\$179,922
Add-Back Depreciation	295,000	290,000	358,000
Deduct Capital Expenditures	-1,188,250	-381,800	-1,497,050
Move Cash to Reserves	-	-	-
Deduct Debt Service (Principal Only)	<u>-60,000</u>	<u>-60,000</u>	<u>0</u>
Projected Cashflow	<u>-\$968,413</u>	<u>-\$424,559</u>	<u>-\$959,128</u>

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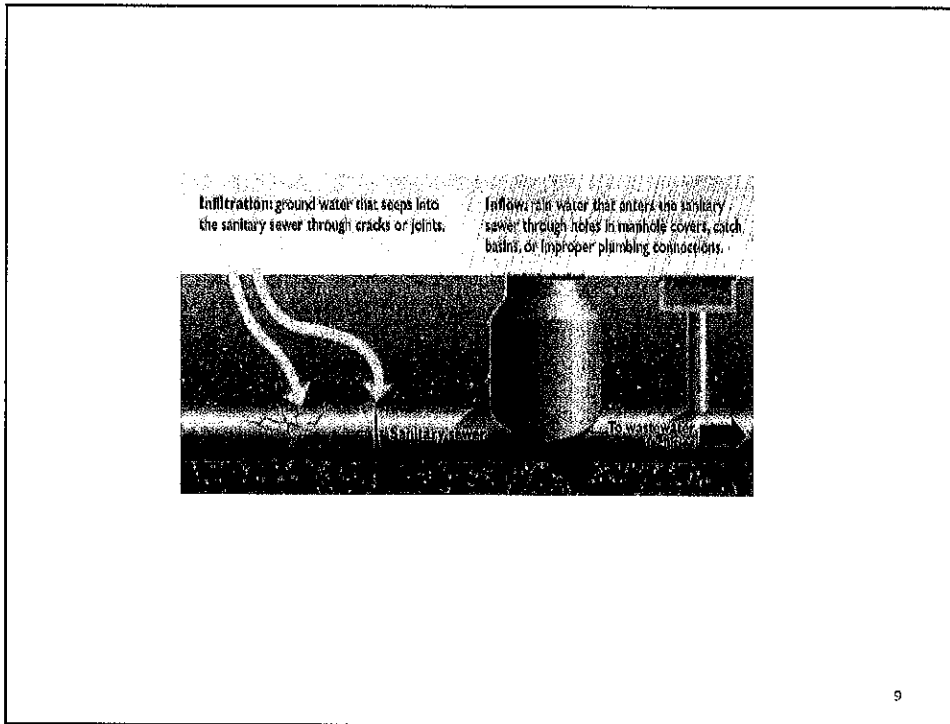
## Wastewater Plant By-Passing Events

- 2014, 2017, & 2019 By-pass events
- Contributing Factors for these events
  - High ground water
  - Large Rain Events
  - Old pipe
    - Inflow (manhole covers)and intrusion (leaking pipes) problems
  - Sump pumps plumbed to the Collection System
  - Foundation & Roof Drains plumbed to the Collection System

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## Collection System Improvements to reduce incoming flows

- CIPP lining
- Sewer Main Replacement
- Manhole Replacement or Rehabilitation
- Replacing Manhole covers
- Eliminating Roof Drains, Foundation Drains, Sump Pumps and other contributing factors to large Flows of Storm water to Wastewater Plant

## Wastewater Plant & High Flows

- We must pump all incoming flow, regardless of plants ability to treat effectively.
  
- Plants Hydraulic Capabilities
  - Design Flow: 2.2 MGD
  - Peak Flow: 5.0 MGD
    - Project is planned to increase Peak Flows to 7.25 MGD

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## Wastewater Plant Improvement Plans

- State Revolving Loan Funds (SRF) are being sought
- \$12- 13 Million for Upgrades
  - New Bar Screen
  - New Grit Machine
  - New Primary Treatment Tanks (DEMO of old ones)
  - Addition of a 4<sup>th</sup> Raw Sewage Pump
  - Addition of 3<sup>rd</sup> Aeration Basin and Final Setting Tank (Providing the Plant the ability to treat additional incoming flow without by-passing)
  - Replacing brick on building, adding administration space, adding a garage for equipment storage
  - Addition of Effluent Pump Station for high flows

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## Key components used to produce Water Department Budget

- General Plan
- Capital Improvement Plan
- Reliability Study
- Asset Management Plan (0-20 year plan)
- Experience and advice of current and retired staff

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## Snap Shot of Water Budget

CITY OF ESCANABA  
2019-2020 Water Fund Budget Request Workpaper  
Fund Number 333  
WATER FUND-INCOME STATEMENT

	Actual 2018-17	Actual 2017-18	Estimate 2018-18	Budget 2018-18	Budget 2019-20	\$ Change Col. 5-Col. 4	% Change Col. 5-Col. 4
<b>Operating Revenues</b>	2,476,841	2,432,286	2,616,600	2,614,600	3,476,300	1,084,700	65.97%
<b>Less: Operating Expenditures</b>							
Administrative Expenses	631,067	577,299	667,000	743,358	611,866	57,728	8.11%
Production Expenses	383,392	390,256	435,000	516,212	632,344	17,132	3.33%
Transmission/Distribution Expenses	218,548	174,620	205,000	236,616	685,489	300,873	106.34%
Customer Service Expenses	47,170	60,381	66,700	83,882	89,682	5,800	6.93%
Other Expenses	692,369	812,442	671,160	659,891	655,815	(4,339)	-0.66%
<b>Net Operating Income</b>	402,606	646,890	349,840	126,471	601,164	674,893	633.47%
<b>Plus: Interest Earnings</b>	16,610	10,444	12,000	12,000	10,000	(2,000)	-16.67%
Cap Improv Bond Fed Subsidy	60,368	68,700	66,270	66,150	63,800	(2,850)	-4.72%
Gain/(Loss) on Investments	(31,642)	(8,003)	0	0	0	0	0.00%
<b>Less: Bond Interest Expense/Discount</b>	211,210	188,941	202,200	202,200	183,120	(11,180)	-6.52%
<b>NET INCOME</b>	247,213	520,286	215,810	(7,829)	676,634	683,213	8897.18%

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## Work Sheet

### Projected Cashflow Results - Water Fund

	18/19 Approved <u>Budget</u>	18/19 Estimate <u>Budget</u>	19/20 Final <u>Budget</u>
Profit & Loss	\$126,471	\$349,040	\$801,154
Add-Back Depreciation	456,500	410,000	437,000
Deduct Capital Expenditures	-988,500	-300,500	-581,500
Move Cash to Reserves	-	-	-
Deduct Debt Service (Principal Only)	<u>-445,000</u>	<u>-445,000</u>	<u>-455,000</u>
Projected Cashflow	<u>-\$850,529</u>	<u>\$13,540</u>	<u>\$201,654</u>

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## Current Debt – Cash Assets

- Wastewater Department
  - Zero Debt
  - \$2,736,609 Cash Balance
  
- Water Department
  - \$5.4 M Debt
  - \$1,002,390 Cash Balance

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## Water Department Debt

CITY OF ESCANABA (MICHIGAN) WATER UTILITY FUND

### SCHEDULE OF COMBINED DEBT SERVICE

Fiscal Year	2002 Rev Bonds	2007 Rev Bonds	2010 LTGC Bonds	Total
2018/19	172,375.00	183,150.03	193,131.32	548,656.35
2019/20	173,562.50	179,852.53	195,050.06	548,575.09
2020/21	174,625.00	181,721.90	196,862.56	553,209.46*
2021/22	175,562.50	183,375.02	193,566.80	552,506.32
2022/23	176,375.00	179,975.02	195,275.04	551,625.06
2023/24	172,125.00	181,521.89	196,875.04	550,521.93
2024/25		182,962.51	198,368.78	381,331.29
2025/26		179,350.01	204,756.28	384,106.26
2026/27		180,684.38	205,931.28	386,615.66
2027/28		181,912.50	207,000.02	388,912.52
2028/29			207,962.52	207,962.52
2029/30			213,818.76	213,818.76
2030/31			214,462.50	214,462.50
<b>Totals</b>	<b>\$1,044,625.00</b>	<b>\$1,814,615.79</b>	<b>\$2,623,062.96</b>	<b>\$5,482,303.75</b>

\* Maximum annual combined debt service.

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## Asset Management Plan Needs

Did not factor in new Lead Service Line Replacement (LSL) Rules

- Savings required for future expenditures
  - Annually: \$284,550
  - Years 0-10: \$5,245,100
  - Years 11-20: \$5,592,200
  - Years 20-40: \$7,585,100

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## Lead & Copper Rule changes

- Effective July 2019
- Requires LSL replacement
- Reduction of lead from 15 ppb to 12 ppb in year 2025
- Stricter rules for L&C sampling
- Distribution System Materials Inventory
  - Preliminary report due January 2020
  - Final report due January 2025
  - Customers will be notified of LSL servicing their home

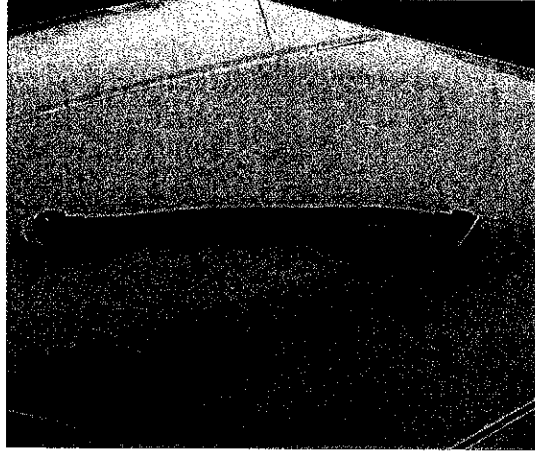
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## LSL Replacement Rules

- Partial lead service line replacement is no longer allowed, except in the case of EMERGENCY REPAIR.
- LSL must be replaced @ 5% / year over 20 years, beginning in the year 2021
- The full LSL must be replaced at water supply expense, regardless of ownership
- A new service line definition was added, and LSL definition was updated

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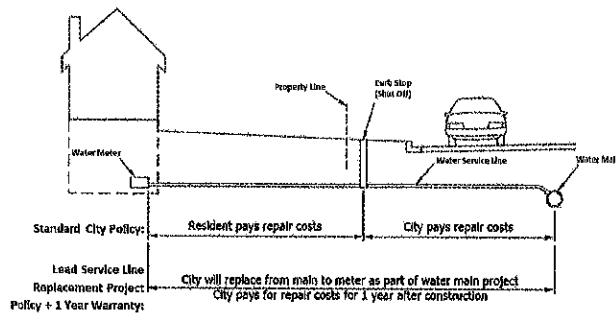
### Photo of Lead Gooseneck



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### L&C rule changes to requirements of replacement responsibly and ownership

#### City of Escanaba Water System Water Service Line Responsibility



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## Costs for Water Main & Service Line Replacement

- ~\$50,000 per block for 8" water main
  - Plans to be able to do around 10 blocks each year in conjunction of paving projects
- ~\$5,000 per house for each water service, when not done in conjunction with main replacement

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## Frequently Asked Questions

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### I pay taxes, why do I have to have a rate increase?

- Taxes are applied to the General Fund
- All utilities are “Enterprise” funds and are self-funded in accordance with Operating and Maintaining the utilities in question.
- Enterprise funds do not draw revenue from the taxes collected.

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### What have the past rate increases done in the past?

- Increases of health care and pension plans
- Increased efforts of O&M to provide longevity or replacement of Assets:
  - Pumps, surface corrosion control on plant plumbing and fire hydrates, reduction in unaccounted for water, maintenance of roof tops, sewer main lining, coating of tanks, replacement water meters, State mandated Cross Connection efforts, engineering support.

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Why is there such a large difference in the estimated costs for each water service replacements?

- What side of the street is the water main on
- Presence of sidewalk, curb, driveway approaches, and amount of asphalt restoration
- Depth of water main
- Presence of other underground utilities
- Presence of ground water
- Issues inside home: "Finished or Unfinished"

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I had to pay for my replacement, why do I have to pay for everyone else's line?

- State of Michigan has now mandated that this cost is the responsibility of the municipality
  - *We are awaiting the outcome of a lawsuit challenging this new law*
- Costs for O&M of the system are shared evenly among all users
- Possibilities of assessing costs or placing a lien on private property are being investigated

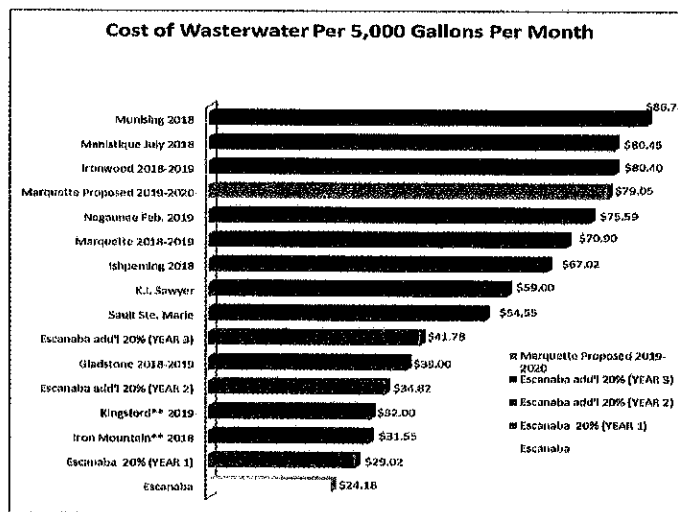
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## How does Escanaba's rates compare to other cities?

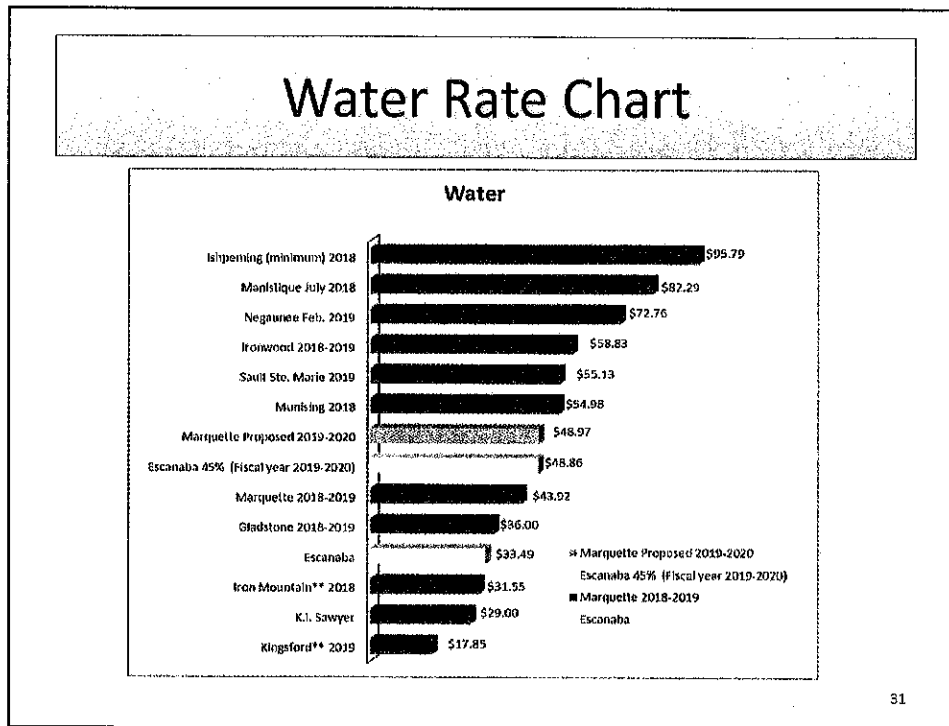
- According the 2017 DEQ rate survey
  - Escanaba is ranked the 7<sup>th</sup> lowest combined Water and Wastewater providers in the Upper Peninsula
- 2017 DEQ Rate Survey Link:
- [http://www.escanaba.org/images/files/menufiles/Rate%20Survey%202017%20Mailed%20Spreadsheets%20\(002\).pdf](http://www.escanaba.org/images/files/menufiles/Rate%20Survey%202017%20Mailed%20Spreadsheets%20(002).pdf)
- Go to City of Escanaba's Web Page, use Tabs: Departments → Wastewater → 2017 DEQ Rate

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## Wastewater Rate Chart



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- ### Wastewater Department Budget
- Where will this money be used? How and when?
- A loan is being sought to fund the Wastewater Plant Improvement Project
  - Planning to do this project has been ongoing for over the last 5 years
  - Design is scheduled for 2019
  - Construction is scheduled for 2020 – 2021
  - Three years of planned rate increases will be required to fund this project
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### Water Department Budget

Where will this money be used? How and when?

- All work needs available cash to cover costs
- Water Mains and Water Services shall be replaced in conjunction with paving projects
- The most cost effect option shall be given the highest priority; “private contractors or use of city staff”
- Long-term planning will take place in order to provide home owners with ample notice

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Could this increase be conducted over two or three years?

- Several attempts over the past several years have been made to increase the water fund roughly a quarter million (\$250K) dollars per year
- Currently, there is not enough cash on hand to fund all of the Capital Improvement Projects required, as mandated or per the department’s AMP

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## When the work is completed, will the rates remain?

- There is no reason why future rates can't be reduced; provided State/Local Mandates, and CIP needs also decrease.
- In fact, we hope this to be the case

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## Why are you not getting a Grant or taking out a loan to spread this cost out over many years?

- The City was selected by the DEQ, and also provided a LSL Removal Grant in the sum of \$389,000.00 (only 12 communities in the State were selected to participate based off "need and ability" to execute this work)
  - \$126,000 remains and will be used this coming construction season
- Currently, no other grants are available for the City, due to its population
  - We are too big for all of the Rural Development Grants
- Loans require money to obtain due to engineering requirements, and also carry the additional cost of interest incurred
- There may be possibilities of "Loan Forgiveness" within future Drinking Water Loans
  - Currently, this is our only hope for any "free money"
  - We will submit an application for the next round of DWRF loans, in the most cost-effect manner possible

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## Why does my water cost so much?

- Water is basically free in the Upper Peninsula
- The cost of treatment, storage, and distribution is what we are paying for

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I've seen sewage discharged into the lake near municipal dock!  
Why is this allowed?

- What was seen was a Storm Sewer Outlet.
  - The City has many such storm sewer outfalls, and after a large fall they are often dirty, carrying the debris collected from the streets
- The Wastewater discharge point is in forty (40') feet of water close to one mile off shore and about one mile south of the beach

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### Why does the DEQ allow by-passing events?

- The DEQ doesn't allow by-passing.
  - But they understand that under certain conditions it is unavoidable.
  
- The City does not want to by-pass, but in times of hydraulic overload, it's a necessity to avoid collection system back-up and private property damage.

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### Why does the City allow the by-passing when it's forcing the local beaches to close?

- A by-pass event has not occurred every time a beach has been closed
  - It is normal practice at every wastewater plant in Michigan to dose all of their wastewater discharges, (24/7), with enough chlorine to kill the pathogens present, making it safe for human contact.
  
- Here are several likely contributing factors:
  - Birds poop!
    - There are lots of birds on the beach
  - Rivers greatly effect our local beaches
    - Rivers carry everything that may find its way into the water shed
    - River water is not treated
    - Beavers and muskrats live in our rivers, and they poop too!

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**Why do we put our wastewater back into the same source we use for our drinking water?**

- Experts have scrutinized practices of all nearby water and wastewater facilities, and still allow the activities as being safe for human consumption and contact
- In many ways, the water discharged from the Wastewater Plant is better than what goes into the Water Plant for treatment

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**Call Lansing to remove the Mandates of LSL Replacement**

**Call your Governor  
Call your State Representative  
Call your Congressman**

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Jeff Lampi

W-WW Supt

[jlampi@escanaba.org](mailto:jlampi@escanaba.org)

906-786-3291

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**OFFICIAL PROCEEDINGS  
CITY COUNCIL  
CITY OF ESCANABA, MICHIGAN  
Regular Council Meeting  
Thursday, April 25, 2019**

The meeting was called to order by the Honorable Mayor Marc D. Tall at 7:16 p.m. in the Council Chambers of City Hall located at 410 Ludington Street.

Present: Mayor Marc D. Tall, Council Members, Ronald J. Beauchamp, Ralph B. Blasier, and Michael R. Sattem

Absent: Peggy O'Connell Schumann

Sattem moved, Blasier seconded, **CARRIED UNANIMOUSLY**, to excuse Council Member Schumann

Also Present: City Manager Patrick S. Jordan, City Clerk Phil DeMay, Department Heads, media, and members of the public.

City Clerk DeMay led Council in the Pledge of Allegiance.

Blasier moved, Sattem seconded, **CARRIED UNANIMOUSLY**, to approve Regular Meeting minutes from April 04, 2019, Special Meeting minutes from April 8, 2019, and Special Meeting minutes from April 9, 2019, as submitted.

**ADJUSTMENTS TO THE AGENDA**

Mayor Pro Tem Beauchamp moved to add **NB-4** Discussion on City's Board and Commissions Application and Appointment Process and **NB-5** Closed Session with an Update on Pending Lawsuits.

Beauchamp moved, Blasier seconded, **CARRIED UNANIMOUSLY**, to approve the Agenda as amended.

**CONFLICT OF INTEREST DECLARATION** - None

**BRIEF PUBLIC COMMENT** –

Kelli Van Ginhoven – spoke about her continued denial to the DDA board vacancy.

Paul Caswell – spoke in support of Kelli Van Ginhoven. Mr. Caswell feels Kelli's denial to the DDA should be investigated.

Leonard Peterson – spoke in support of Kelli Van Ginhoven and recommends that the council reconsider her for the DDA board.

April 25, 2019 – cont.

Margret Miller – spoke in support of Kelli Van Ginhoven and feels she should've been told why she was denied the vacant seat on the DDA board.

**PUBLIC HEARINGS** – None

**UNFINISHED BUSINESS** – None

**NEW BUSINESS**

**NB-1 Setting of Public Hearing – FY2019-2020 Budget – May 02, 2019**

Administration requested Council set May 02, 2019, as the fourth Public Hearing on the proposed 2019-2020 City Fiscal Year Budget.

**NB-1** Blasier moved, Beauchamp seconded, **CARRIED UNANIMOUSLY**, to set a public hearing date for May 02, 2019, as the fourth Public Hearing on the proposed 2019-2020 City Fiscal Year Budget.

**NB-2 Setting of Public Hearing for Objection to Street Improvements – May 16, 2019**

Administration requested Council set May 16, 2019, as the first Public Hearing for the following street; South 32nd Street from 3rd Avenue South to 4th Avenue South. It had been petitioned for curbing and paving and was included in the 2019-2020 budget.

**NB-2** Beauchamp moved, Blasier seconded, **CARRIED UNANIMOUSLY**, to set a public hearing date for May 16, 2019, as the first Public Hearing for the following street; South 32nd Street from 3rd Avenue South to 4th Avenue South.

**NB-3 Bell's Brewery Inc. In Escanaba, MI Is Seeking Approval For A Small Wine Maker License.**

Michigan Liquor Control Commission recommended council approval for Small Wine Maker's license for Bell's Brewery, Inc. in Escanaba, MI.

**NB-3** Blasier moved, Beauchamp seconded, to approve a Small Wine Maker's license for Bell's Brewery, Inc. in Escanaba, MI.

Upon a call of the roll, the vote was as follows:

April 25, 2019 – cont.

Ayes: Blasier, Beauchamp, Sattem, Tall  
Nays: None  
Absent: Schumann

**MOTION CARRIED.**

**NB-4 Discussion on City's Board and Commissions Application and Appointment Process**

Council had a discussion on how applications are handled when an applicant submits a Board and Commissions Application. Mayor Tall suggested that emailing all the council members at one time will short circuit the process of review.

**NB-5 Closed Session with an Update on Pending Lawsuits**

Council went into Closed Session to get an update on Pending Lawsuits.

Beauchamp moved, Blasier seconded, **CARRIED UNANIMOUSLY**, to go into Closed Session.

The time was 7:43 p.m.

Blasier moved, Sattem seconded, **CARRIED UNANIMOUSLY**, to come back into open session.

The time was 8:14 p.m.

No Council Action was made while in Closed Session.

**APPOINTMENT(S) TO CITY BOARDS, COMMISSIONS, AND COMMITTEES** – None

**BOARD, COMMISSION, AND COMMITTEE REPORTS**

Council Members reviewed City Board and Commission meetings each attended since the last City Council Meeting.

**GENERAL PUBLIC COMMENT**

Paul Caswell - discussed how applications are sent out to council members. Mr.

April 25, 2019 – cont.

Caswell suggests that the public should see a record on how votes are casted for each vacant position on Boards and Commissions.

William A. Gasman – spoke about recreational marihuana. Mr. Gasman opposes the sale and commercialization of recreational marihuana in the City of Escanaba.

Leonard Peterson – apologized to the Mayor and Council for being “out of order”.

**ANNOUNCEMENTS**

On April 28, 2019 there is a fundraiser for the Animal Shelter at the Elks. It’s called “Bow Wow Brunch”.

Proceeding **ANNOUNCEMENTS** council went into a Closed Session – See **NB-5**

Hearing no further public comment, the Council adjourned at 8:14 p.m.

Respectfully submitted

Phil DeMay  
City Clerk

Approved:

\_\_\_\_\_  
Marc D. Tall, Mayor

**OFFICIAL PROCEEDINGS  
CITY COUNCIL  
CITY OF ESCANABA, MICHIGAN  
Town Hall Meeting  
Thursday, May 2, 2019**

Pursuit to a special meeting notice posted April 26, 2019, the meeting was called to order by the Honorable Mayor Marc D. Tall at 6:00 p.m. in the Council Chambers of City Hall located at 410 Ludington Street.

**Discussion – Informative Meeting On The Proposed Utility Rate Increases**

Administration led a discussion concerning the proposed utility rate increases.

Water/Wastewater Superintendent Jeff Lampi presented an informative slideshow on the proposed utility rate increases. City Manager Patrick Jordan, Superintendent Jeff Lampi, and City Council members fielded questions and concerns from public members in attendance. (See attachment – A)

Mayor Marc Tall suggested putting the utility rate increase on the next regular City Council Meeting for Council to discuss.

Hearing no further public comment, the Council adjourned at 6:49 p.m.

Respectfully submitted,

Phil DeMay  
City Clerk

Approved: \_\_\_\_\_

Marc D. Tall, Mayor

# Creating the Annual Budget's for Water & Wastewater

Jeff Lampi  
W-WW Supt

1

## W-WW Departments Oversight

- EPA
  - Clean Water Act 399
- Michigan DEQ
- Public Health Department
- City of Escanaba Council
- City Manager
- W-WW Superintendent

2



## Key components used to produce Wastewater Department Budget

- Primary Settling Evaluation: 2014 to 2015
- SAW Grant 2015 – 2018
  - Created WW AMP
- Experience and advice of current and retired staff
- Engineering plans to mitigate future by-passes and abide to NPDES Permit

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## Snap Shot of WW Budget

CITY OF ESCANABA  
 2019-2020 Wastewater Fund Budget Request Workpaper  
 Fund Number 555  
 WASTEWATER FUND-INCOME STATEMENT

	Actual 2018-17	Actual 2017-16	Estimate 2018-19	Budget 2018-19	Budget 2019-20	\$ Change Col. 5-Col. 4	% Change Col. 5-Col. 4
Operating Revenues	1,421,732	1,449,110	1,702,000	1,691,500	2,022,300	330,800	19.56%
Less: Operating Expenditures							
Administrative Expenses	516,189	567,099	672,873	624,743	565,892	40,828	7.74%
Production Expenses	326,714	369,687	349,300	469,045	484,692	15,647	4.22%
Station Expenses	18,178	19,179	27,700	30,233	32,692	3,429	12.96%
Transmission/Distribution Expenses	100,874	108,328	167,784	183,169	168,232	(15,577)	-2.88%
Customer Service Expenses	28,236	36,669	23,200	28,668	28,340	(326)	-1.14%
Other Expenses	441,637	483,345	639,122	498,787	584,659	76,072	18.66%
Net Operating Income	(19,249)	(4,829)	(272,753)	(15,162)	179,822	195,066	-1269.99%
Plus: Interest Earnings	68,857	34,027	35,000	46,000	40,000	(6,000)	-11.11%
Less: Gain/(Loss) on Investments	(79,364)	(28,014)	0	0	0	0	0.00%
Less: Bond Interest Expense	2,199	1,682	358	675	0	(675)	-100.00%
<b>NET INCOME</b>	<b>(49,761)</b>	<b>4,492</b>	<b>(238,027)</b>	<b>29,162</b>	<b>219,822</b>	<b>190,760</b>	<b>654.14%</b>

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## Wastewater Cash Flow

### Projected Cashflow Results - Wastewater Fund

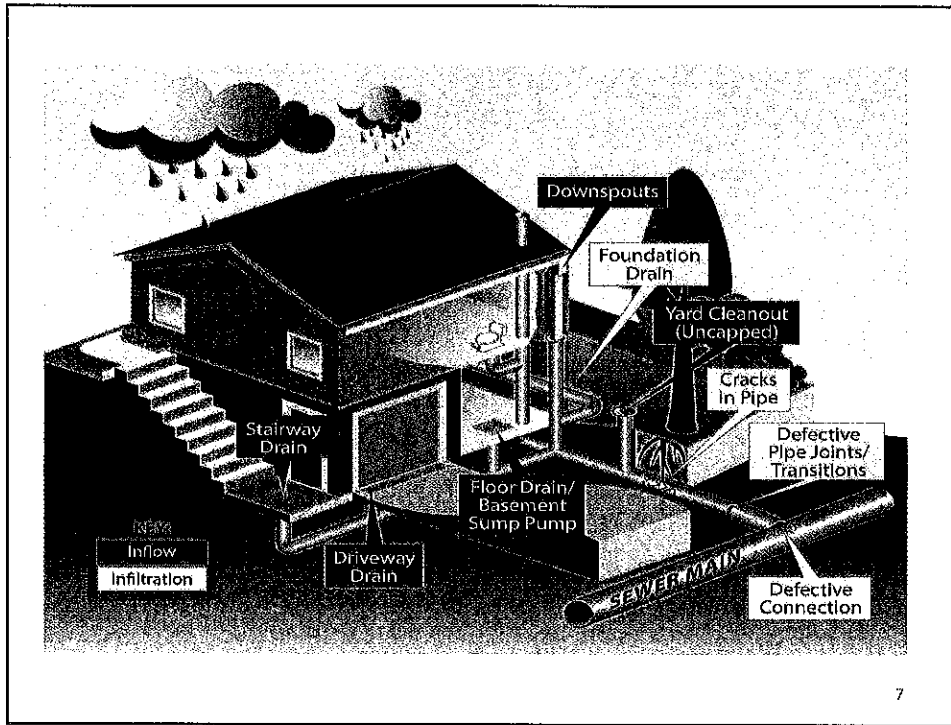
	18/19 Approved <u>Budget</u>	18/19 Estimate <u>Budget</u>	19/20 Proposed <u>Budget</u>
Profit & Loss	-\$15,163	-\$272,759	\$179,922
Add-Back Depreciation	295,000	290,000	358,000
Deduct Capital Expenditures	-1,188,250	-381,800	-1,497,050
Move Cash to Reserves	-	-	-
Deduct Debt Service (Principal Only)	<u>-60,000</u>	<u>-60,000</u>	<u>0</u>
Projected Cashflow	<u>-\$968,413</u>	<u>-\$424,559</u>	<u>-\$959,128</u>

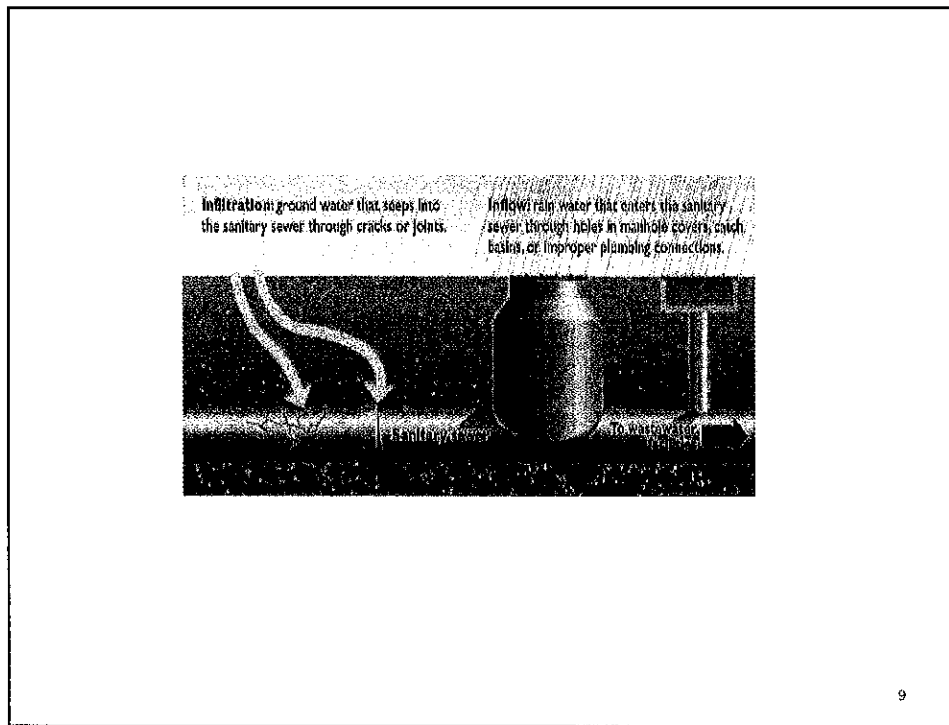
5

## Wastewater Plant By-Passing Events

- 2014, 2017, & 2019 By-pass events
- Contributing Factors for these events
  - High ground water
  - Large Rain Events
  - Old pipe
    - Inflow (manhole covers)and intrusion (leaking pipes) problems
  - Sump pumps plumbed to the Collection System
  - Foundation & Roof Drains plumbed to the Collection System

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## Collection System Improvements to reduce incoming flows

- CIPP lining
- Sewer Main Replacement
- Manhole Replacement or Rehabilitation
- Replacing Manhole covers
- Eliminating Roof Drains, Foundation Drains, Sump Pumps and other contributing factors to large Flows of Storm water to Wastewater Plant

## Wastewater Plant & High Flows

- We must pump all incoming flow, regardless of plants ability to treat effectively.
- Plants Hydraulic Capabilities
  - Design Flow: 2.2 MGD
  - Peak Flow: 5.0 MGD
    - Project is planned to increase Peak Flows to 7.25 MGD

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## Wastewater Plant Improvement Plans

- State Revolving Loan Funds (SRF) are being sought
- \$12- 13 Million for Upgrades
  - New Bar Screen
  - New Grit Machine
  - New Primary Treatment Tanks (DEMO of old ones)
  - Addition of a 4<sup>th</sup> Raw Sewage Pump
  - Addition of 3<sup>rd</sup> Aeration Basin and Final Setting Tank (Providing the Plant the ability to treat additional incoming flow without by-passing)
  - Replacing brick on building, adding administration space, adding a garage for equipment storage
  - Addition of Effluent Pump Station for high flows

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## Key components used to produce Water Department Budget

- General Plan
- Capital Improvement Plan
- Reliability Study
- Asset Management Plan (0-20 year plan)
- Experience and advice of current and retired staff

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## Snap Shot of Water Budget

CITY OF ESCANABA  
2019-2020 Water Fund Budget Request Workpaper  
Fund Number 333  
WATER FUND-INCOME STATEMENT

	Actual 2016-17	Actual 2017-18	Estimate 2018-19	Budget 2018-19	Budget 2019-20	\$ Change Col. 6-Col. 4	% Change Col. 6-Col. 4
<b>Operating Revenues</b>	<b>2,176,841</b>	<b>2,432,298</b>	<b>2,618,600</b>	<b>2,414,600</b>	<b>3,478,900</b>	<b>1,061,700</b>	<b>43.97%</b>
<b>Less: Operating Expenditures</b>							
Administrative Expenses	631,067	577,299	597,000	743,358	811,066	67,728	9.11%
Production Expenses	395,692	360,958	436,000	516,212	632,244	17,132	3.29%
Transmission/Distribution Expenses	218,648	174,628	206,800	286,616	698,489	300,673	105.54%
Customer Service Expenses	47,779	60,391	86,700	83,982	89,682	6,620	6.69%
Other Expenses	692,669	532,442	671,169	659,981	685,645	14,336	-0.86%
<b>Net Operating Income</b>	<b>402,605</b>	<b>846,690</b>	<b>349,040</b>	<b>126,471</b>	<b>301,164</b>	<b>674,693</b>	<b>533.47%</b>
<b>Plus: Interest Earnings</b>	<b>18,519</b>	<b>30,444</b>	<b>12,000</b>	<b>22,000</b>	<b>10,000</b>	<b>(2,000)</b>	<b>-46.67%</b>
Cap Improv Bond Fed Subsidy	80,889	88,793	56,270	56,150	63,600	(2,660)	-4.72%
Investments	(21,642)	(6,803)	0	0	0	0	0.00%
<b>Less: Bond Interest Expense/Discount</b>	<b>213,248</b>	<b>188,841</b>	<b>202,300</b>	<b>202,330</b>	<b>199,120</b>	<b>(13,180)</b>	<b>-6.82%</b>
<b>NET INCOME</b>	<b>267,219</b>	<b>520,093</b>	<b>216,010</b>	<b>(7,679)</b>	<b>675,624</b>	<b>683,213</b>	<b>8897.16%</b>

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## Work Sheet

### Projected Cashflow Results - Water Fund

	18/19 Approved Budget	18/19 Estimate Budget	19/20 Final Budget
Profit & Loss	\$126,471	\$349,040	\$801,154
Add-Back Depreciation	456,500	410,000	437,000
Deduct Capital Expenditures	-988,500	-300,500	-581,500
Move Cash to Reserves	-	-	-
Deduct Debt Service (Principal Only)	<u>-445,000</u>	<u>-445,000</u>	<u>-455,000</u>
Projected Cashflow	<u><b>-\$850,529</b></u>	<u><b>\$13,540</b></u>	<u><b>\$201,654</b></u>

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## Current Debt – Cash Assets

- Wastewater Department
  - Zero Debt
  - \$2,736,609 Cash Balance
  
- Water Department
  - \$5.4 M Debt
  - \$1,002,390 Cash Balance

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## Water Department Debt

### CITY OF ESCANABA (MICHIGAN) WATER UTILITY FUND

#### SCHEDULE OF COMBINED DEBT SERVICE

Fiscal Year	2002 Rev Bonds	2007 Rev Bonds	2010 LTGO Bonds	Total
2018/19	172,375.00	183,150.03	193,131.32	548,656.35
2019/20	173,562.50	179,962.53	195,056.06	548,575.09
2020/21	174,625.00	181,721.90	196,862.56	553,209.46*
2021/22	175,562.50	183,375.02	193,568.80	552,506.32
2022/23	176,375.00	179,975.02	195,275.04	551,625.06
2023/24	172,125.00	181,521.89	196,875.04	550,521.93
2024/25		182,862.51	198,368.78	381,231.29
2025/26		179,350.01	204,756.28	384,106.29
2026/27		180,684.38	205,931.28	386,615.66
2027/28		181,912.50	207,000.02	388,912.52
2028/29			207,962.52	207,962.52
2029/30			213,818.76	213,818.76
2030/31			214,462.50	214,462.50
Totals	\$1,044,625.00	\$1,814,615.79	\$2,623,062.96	\$5,482,303.75

\* Maximum annual combined debt service.

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## Asset Management Plan Needs

Did not factor in new Lead Service Line Replacement (LSL) Rules

- Savings required for future expenditures
  - Annually: \$284,550
  - Years 0-10: \$5,245,100
  - Years 11-20: \$5,592,200
  - Years 20-40: \$7,585,100

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## Lead & Copper Rule changes

- Effective July 2019
- Requires LSL replacement
- Reduction of lead from 15 ppb to 12 ppb in year 2025
- Stricter rules for L&C sampling
- Distribution System Materials Inventory
  - Preliminary report due January 2020
  - Final report due January 2025
  - Customers will be notified of LSL servicing their home

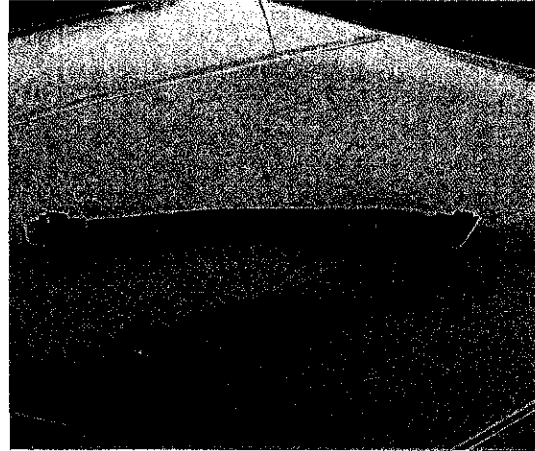
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## LSL Replacement Rules

- Partial lead service line replacement is no longer allowed, except in the case of EMERGENCY REPAIR.
- LSL must be replaced @ 5% / year over 20 years, beginning in the year 2021
- The full LSL must be replaced at water supply expense, regardless of ownership
- A new service line definition was added, and LSL definition was updated

20

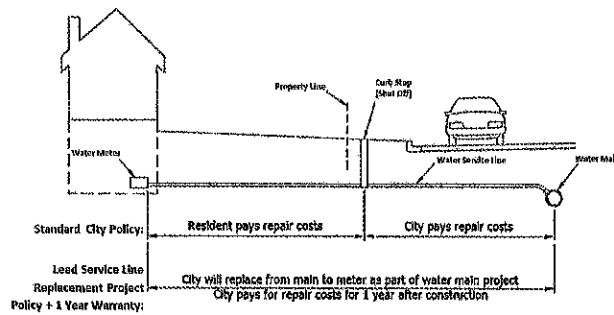
### Photo of Lead Gooseneck



21

### L&C rule changes to requirements of replacement responsibly and ownership

#### City of Escanaba Water System Water Service Line Responsibility



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## Costs for Water Main & Service Line Replacement

- ~\$50,000 per block for 8" water main
  - Plans to be able to do around 10 blocks each year in conjunction of paving projects
- ~\$5,000 per house for each water service, when not done in conjunction with main replacement

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## Frequently Asked Questions

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### I pay taxes, why do I have to have a rate increase?

- Taxes are applied to the General Fund
- All utilities are “Enterprise” funds and are self-funded in accordance with Operating and Maintaining the utilities in question.
- Enterprise funds do not draw revenue from the taxes collected.

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### What have the past rate increases done in the past?

- Increases of health care and pension plans
- Increased efforts of O&M to provide longevity or replacement of Assets:
  - Pumps, surface corrosion control on plant plumbing and fire hydrates, reduction in unaccounted for water, maintenance of roof tops, sewer main lining, coating of tanks, replacement water meters, State mandated Cross Connection efforts, engineering support.

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Why is there such a large difference in the estimated costs for each water service replacements?

- What side of the street is the water main on
- Presence of sidewalk, curb, driveway approaches, and amount of asphalt restoration
- Depth of water main
- Presence of other underground utilities
- Presence of ground water
- Issues inside home: "Finished or Unfinished"

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I had to pay for my replacement, why do I have to pay for everyone else's line?

- State of Michigan has now mandated that this cost is the responsibility of the municipality
  - We are awaiting the outcome of a lawsuit challenging this new law
- Costs for O&M of the system are shared evenly among all users
- Possibilities of assessing costs or placing a lien on private property are being investigated

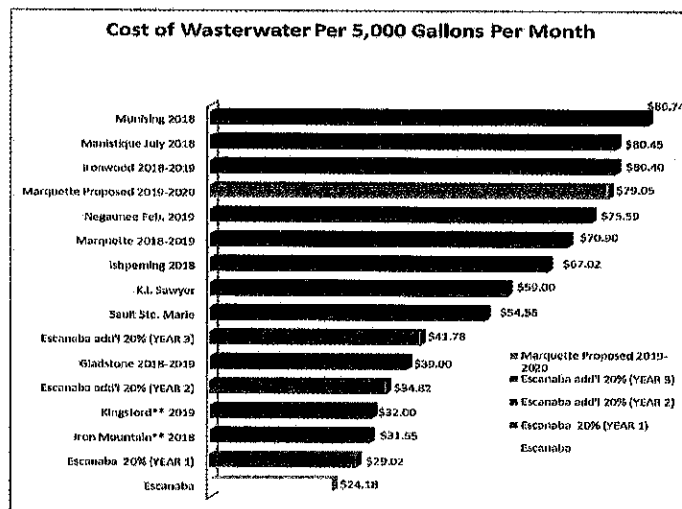
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## How does Escanaba's rates compare to other cities?

- According the 2017 DEQ rate survey
  - Escanaba is ranked the 7<sup>th</sup> lowest combined Water and Wastewater providers in the Upper Peninsula
- 2017 DEQ Rate Survey Link:
- [http://www.escanaba.org/images/files/menfiles/Rate%20Survey%202017%20Mailed%20Spreadsheets%20\(002\).pdf](http://www.escanaba.org/images/files/menfiles/Rate%20Survey%202017%20Mailed%20Spreadsheets%20(002).pdf)
- Go to City of Escanaba's Web Page, use Tabs: Departments → Wastewater → 2017 DEQ Rate

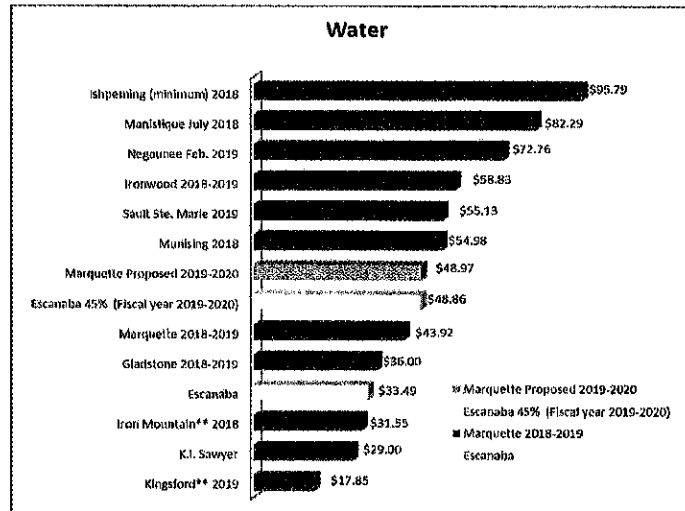
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## Wastewater Rate Chart



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## Water Rate Chart



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## Wastewater Department Budget

Where will this money be used? How and when?

- A loan is being sought to fund the Wastewater Plant Improvement Project
- Planning to do this project has been ongoing for over the last 5 years
- Design is scheduled for 2019
- Construction is scheduled for 2020 – 2021
- Three years of planned rate increases will be required to fund this project

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### Water Department Budget

Where will this money be used? How and when?

- All work needs available cash to cover costs
- Water Mains and Water Services shall be replaced in conjunction with paving projects
- The most cost effect option shall be given the highest priority; “private contractors or use of city staff”
- Long-term planning will take place in order to provide home owners with ample notice

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Could this increase be conducted over two or three years?

- Several attempts over the past several years have been made to increase the water fund roughly a quarter million (\$250K) dollars per year
- Currently, there is not enough cash on hand to fund all of the Capital Improvement Projects required, as mandated or per the department’s AMP

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## When the work is completed, will the rates remain?

- There is no reason why future rates can't be reduced; provided State/Local Mandates, and CIP needs also decrease.
- In fact, we hope this to be the case

35

## Why are you not getting a Grant or taking out a loan to spread this cost out over many years?

- The City was selected by the DEQ, and also provided a LSL Removal Grant in the sum of \$389,000.00 (only 12 communities in the State were selected to participate based off "need and ability" to execute this work)
  - \$126,000 remains and will be used this coming construction season
- Currently, no other grants are available for the City, due to its population
  - We are too big for all of the Rural Development Grants
- Loans require money to obtain due to engineering requirements, and also carry the additional cost of interest incurred
- There may be possibilities of "Loan Forgiveness" within future Drinking Water Loans
  - Currently, this is our only hope for any "free money"
  - We will submit an application for the next round of DWRF loans, in the most cost-effect manner possible

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## Why does my water cost so much?

- Water is basically free in the Upper Peninsula
- The cost of treatment, storage, and distribution is what we are paying for

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## I've seen sewage discharged into the lake near municipal dock! Why is this allowed?

- What was seen was a Storm Sewer Outlet.
  - The City has many such storm sewer outfalls, and after a large fall they are often dirty, carrying the debris collected from the streets
- The Wastewater discharge point is in forty (40') feet of water close to one mile off shore and about one mile south of the beach

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### Why does the DEQ allow by-passing events?

- The DEQ doesn't allow by-passing.
  - But they understand that under certain conditions it is unavoidable.
- The City does not want to by-pass, but in times of hydraulic overload, it's a necessity to avoid collection system back-up and private property damage.

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### Why does the City allow the by-passing when it's forcing the local beaches to close?

- A by-pass event has not occurred every time a beach has been closed
  - It is normal practice at every wastewater plant in Michigan to dose all of their wastewater discharges, (24/7), with enough chlorine to kill the pathogens present, making it safe for human contact.
- Here are several likely contributing factors:
  - Birds poop!
    - There are lots of birds on the beach
  - Rivers greatly effect our local beaches
    - Rivers carry everything that may find its way into the water shed
    - River water is not treated
    - Beavers and muskrats live in our rivers, and they poop too!

40

Why do we put our wastewater back into the same source we use for our drinking water?

- Experts have scrutinized practices of all nearby water and wastewater facilities, and still allow the activities as being safe for human consumption and contact
- In many ways, the water discharged from the Wastewater Plant is better than what goes into the Water Plant for treatment

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Call Lansing to remove the Mandates of LSL Replacement

Call your Governor  
Call your State Representative  
Call your Congressman

42

Jeff Lampi

W-WW Supt

[jlampi@escanaba.org](mailto:jlampi@escanaba.org)

906-786-3291

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**OFFICIAL PROCEEDINGS  
CITY COUNCIL  
CITY OF ESCANABA, MICHIGAN  
Regular Council Meeting  
Thursday, May 2, 2019**

The meeting was called to order by the Honorable Mayor Marc D. Tall at 7:00 p.m. in the Council Chambers of City Hall located at 410 Ludington Street.

Present: Mayor Marc D. Tall, Council Members, Ronald J. Beauchamp, Ralph B. Blasier, Michael R. Sattem, and Peggy O'Connell Schumann

Absent: None

Also Present: City Manager Patrick S. Jordan, City Clerk Phil DeMay, Department Heads, media, and members of the public.

City Clerk DeMay led Council in the Pledge of Allegiance.

**ADJUSTMENTS TO THE AGENDA**

Beauchamp moved, Sattem seconded, **CARRIED UNANIMOUSLY**, to approve the Agenda as submitted.

**CONFLICT OF INTEREST DECLARATION** - None

**BRIEF PUBLIC COMMENT** - None

**PUBLIC HEARINGS**

**PH-1 Public Hearing - Proposed 2019-20 Fiscal Year Budget.**

City Council conducted the fourth public hearing and scheduled the final public hearing and approval of the 2019-20 City budget for May 16, 2019.

This being a public hearing, Mayor Tall asked if there was any public comment.

Dennis Dyszel – feels we should be going after grants instead of hiking up the Water Wastewater utilities.

Hearing no public comment, Mayor Tall closed the public hearing.

**PH-1** Blasier moved, Beauchamp seconded, **CARRIED UNANIMOUSLY**, to set May 16, 2019, as the final public hearing and approval of the 2019-20 City Fiscal Year Budget.

**UNFINISHED BUSINESS** – None

**NEW BUSINESS**

**NB-1 Consent – Annual Water/Wastewater Chemical Purchases.**

Administration sought Council consent to accept the following annual chemical bids:

- a. Wausau Chemical Corp. of Wausau, Wisconsin - Award of a bid to furnish approximately 35,000 pounds of Hydro-fluosilicic acid for use in drinking water treatment of \$38.80 /cwt in 2750 pound totes.
- b. ChemTrade Chemicals US, LLC of Parsippany, New Jersey - Award of bid to furnish approximately 100 net tons of Aluminum Sulfate liquid in the amount of \$291.00 per dry ton.
- c. Brenntag Great Lakes, LLC of Wauwatosa, Wisconsin - Award of bid to furnish approximately 95 tons of Dense Soda Ash in 50 pound bags for use in drinking water treatment in the amount of \$18.80 / cwt 50lb bags.
- d. PVS Technologies, Inc. of Detroit, Michigan - Award of bid to furnish approximately 50 tons of dry weight Ferric Chloride in the amount of \$702.00 / dry ton.
- e. Hawkins, Inc. of Roseville, Minnesota - Award of bid to furnish approximately 10 tons of liquid Chlorine in amount of \$71.00 per cwt in 150 pound cylinders.
- f. Viking Chemical Company – Rockford, Illinois - Award of bid to furnish approximately 10 tons of liquid Chlorine in amount of \$99.25 per cwt in ton cylinders.
- g. Thatcher Company, Inc. of Salt Lake City, Utah - Award of bid to furnish Powdered Activated Carbon in the amount of \$0.7625 per pound bagged.

**NB-1(a-g)** Blasier moved, Sattem seconded, that the Chemical Bid agenda items be approved as proposed in the unit prices as stated.

Upon a call of the roll, the vote was as follows:

Ayes: Blasier, Sattem, Beauchamp, Schumann, Mayor Tall  
Nays: None

**MOTION CARRIED.**

**NB-2 Approval – Transfer Ownership and Share In The Cost Of Cured-In-Place (CIPP) Lining.**

Administration sought approval to transfer ownership to DP Management LLC and allow wastewater funds to share in the cost of the installation of the CIPP lining for the sanitary sewer.

**NB-2** Blasier moved, Schumann seconded, to approve to transfer ownership to DP Management LLC and allow wastewater funds to share in the cost of the installation of the CIPP lining for the sanitary sewer.

Upon a call of the roll, the vote was as follows:

Ayes: Blasier, Schumann, Beauchamp, Sattem, Mayor Tall  
Nays: None

**MOTION CARRIED.**

**NB-3 Approval – Outdoor Seating – 2116 Ludington Street (a.k.a. Mo’s Pub).**

Chris Cooper, Owner of Mo’s Pub, requested approval of an Outdoor Seating Application.

**NB-3** Schumann moved, Sattem seconded, to approve a request from Chris Cooper, Owner of Mo’s Pub, to have Outdoor Seating.

Upon a call of the roll, the vote was as follows:

Ayes: Schumann, Sattem, Beauchamp, Blasier, Mayor Tall  
Nays: None

**MOTION CARRIED.**

**NB-4 Approval – Retainer Agreement.**

Under Chapter II, Section 15 of the City Charter of the City of Escanaba, the City Manager shall be responsible for the appointment of the City Attorney. Chapter II, Sections 20 and 21 of the City Charter of the City of Escanaba proscribe the qualifications and duties of the City Attorney John M.A. Bergman of Nastoff & Bergman, P.C., City Attorney for the City of Escanaba.

**NB-4** Blasier moved, Beauchamp seconded, to approve the City Manager to appoint Attorney John M.A. Bergman of Nastoff & Bergman, P.C., as City Attorney for the City of Escanaba.



Upon a call of the roll, the vote was as follows:

Ayes: Blasier, Beauchamp, Schumann, Sattem, Mayor Tall

Nays: None

**MOTION CARRIED.**

**NB-5 Approval - Street Closure Requests for 100 Block of South 13th Street to 1st Avenue South for Various Fundraising Events.**

Mr. Curt Spaulding, owner of Cat-Man-Do's, 1223 Ludington Street requested the City Council approve the closure of the 100 block of South 13th Street from Ludington Street to 1st Avenue South from approximately 10:00 a.m. to 10:30 p.m. (Event Time: 12:00 p.m. to 10:00 p.m.) on Saturday, August 3, 2019 – Wheelin' Sportsmen Fundraiser.

**NB-5** Item was taken off of Agenda. No action was taken.

**NB-6 Approval – Meter Truck Bid – Electric Department.**

Administration sought Council approval to accept the Meter Truck bid received from Riverside Ford of Escanaba, MI for the cost of \$27,163. Funds for this request were included in the current year operating budget.

**NB-6** Schumann moved, Sattem seconded, to approve to accept the Meter Truck bid received from Riverside Ford of Escanaba, MI for the cost of \$27,163.

Upon a call of the roll, the vote was as follows:

Ayes: Schumann, Sattem, Beauchamp, Blasier, Mayor Tall

Nays: None

**MOTION CARRIED.**

**NB-7 Discussion – Staffing Needs in Planning/Zoning.**

Administration held a discussion on Staffing Needs in Planning/Zoning with demands placed upon Planning and Zoning by State.

**NB-8 Approval – Administration Requests to Create Two part time custodial positions at City Hall.**

Administration would like to terminate the contract with Hi-Tec and instead directly employ two part time custodians. This would have a positive impact on the budget.

**NB-8** Schumann moved, Blasier seconded, **CARRIED UNANIMOUSLY**, to approve to terminate the contract with Hi-Tec and instead directly employ two part time custodians.

### **APPOINTMENT(S) TO CITY BOARDS, COMMISSIONS, AND COMMITTEES**

Mayor Tall, with Council consensus, made the following appointments:

Appointed Peggy Pryal to the Downtown Development Authority Board, term expiring April 21, 2021;

Appointed Curt Spalding to the Downtown Development Authority Board, term expiring April 21, 2023

### **BOARD, COMMISSION, AND COMMITTEE REPORTS**

Council Members reviewed City Board and Commission meetings each attended since the last City Council Meeting.

### **GENERAL PUBLIC COMMENT –**

Paul Caswell – feels there should be an investigation on why Kelli Van Ginhoven was not appointed to the DDA board.

William A. Gasman – discussed that Michigan's recreational marijuana regulations are the most lenient of all the states with legalized recreational marijuana. Mr. Gasman suggested to just say no to the sale of recreational marijuana in the City of Escanaba.

### **ANNOUNCEMENTS**

- Mayor Tall proclaimed April 28, 2019 “Workers Memorial Day”;
- Mayor Tall proclaimed May 12-18, 2019 “Police Week”;
- Mayor Tall proclaimed May 5-11, 2019 “Municipal Clerks Week”
- City Manager Patrick Jordan wanted to thank Elmer's for their gracious donation.

Hearing no further public comment, the Council adjourned at 7:35 p.m.

Respectfully submitted

Phil DeMay  
City Clerk

Approved: \_\_\_\_\_  
Marc D. Tall, Mayor

DRAFT

P.H. - #2

C.C. 5/16/19

MEMORANDUM: May 7, 2019

TO: Patrick Jordan

INFO: Phil DeMay

FROM: Bob Becotte

SUBJECT: Item for May 16, 2019, City Council meeting

Please place the following item on the May 16 City Council agenda:

**Public Hearing on the objection to street improvements and set the date of June 6, 2019 for objections to assessments.**

The following street has been petitioned for curbing and paving and is included in the 2019-2020 budget:

South 32<sup>nd</sup> Street from 3<sup>rd</sup> Avenue South to 4<sup>th</sup> Avenue South

All five property owners have signed this petition with the remaining five lots owned by the city. This improvement was approved by the Planning Commission on April 11, 2019. Administration recommends approval of this street improvement and setting the date of June 6, 2019 for objections to assessments.

**PETITIONER: James McNeil  
423 South 32<sup>nd</sup> Street  
Escanaba, MI 49829**

Date Received From Clerk

2/5/19

Date Presented to Clerk

**SPECIAL ASSESSMENT PETITION  
FOR STREET IMPROVEMENTS**

To: The Escanaba City Council

Council Members:

We, the undersigned property owners, hereby petition your honorable body for the construction of a 30 foot wide back to back paved street with curb and gutter on South 32<sup>nd</sup> Street from 3<sup>rd</sup> Avenue South right-of-way to the existing pavement approximately 510.12 feet southeast on South 32<sup>nd</sup> Street.

We understand the charges for this work will be based on a special assessment rate applicable at the time the City of Escanaba budget is prepared and the public hearings held. We further understand the current rate of \$59.00 per front foot for the specified type improvements is advisory and subject to change prior to the public hearings on the assessment and that the special assessment may be payable in annual installments as shown, plus interest at six percent (6%) per year on the unpaid balance:

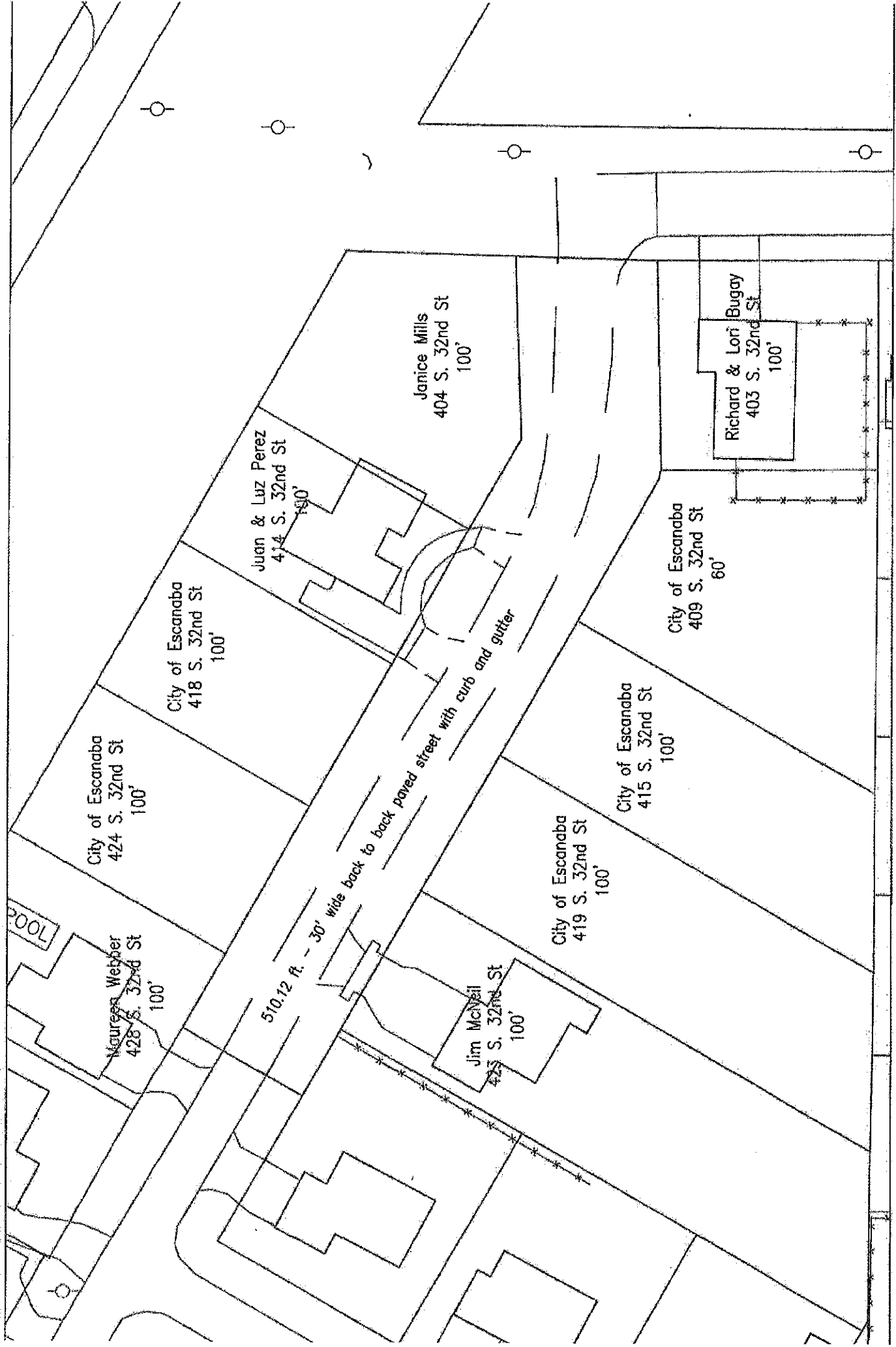
<u>Amount of Assessment</u>	<u>Year</u>
Less than \$100	1
\$101 to \$200	2
\$201 to \$300	3
\$301 to \$400	4
\$401 and over	5

PROPERTY ADDRESS	FRONTAGE (FT)	TOTAL COST	OWNER
428 South 32nd Street	100	\$5,900.00	Maureen Webber
424 South 32nd Street	100	\$5,900.00	City of Escanaba
418 South 32nd Street	100	\$5,900.00	City of Escanaba
414 South 32nd Street	100	\$5,900.00	Juan & Luz Perez
404 South 32nd Street	100	\$5,900.00	Janice Mills
403 South 32nd Street	100	\$5,900.00	Richard & Lori Bugay
409 South 32nd Street	60	\$3,540.00	City of Escanaba
415 South 32nd Street	100	\$5,900.00	City of Escanaba
419 South 32nd Street	100	\$5,900.00	City of Escanaba
423 South 32nd Street	100	\$5,900.00	James & Susan McNeil

SIGNATURE

*Maureen Webber*  
*Juan & Luz Perez*  
*Janice Mills*  
*Richard & Lori Bugay*  
*James & Susan McNeil*

Improvement will be based on input and recommendation of the Planning Commission for their Capital Improvement Plan and subject to City Council review and inclusion in the 2019-2020 budget.



City of Escanaba  
424 S. 32nd St  
100'

Maureen Webber  
428 S. 32nd St  
100'

City of Escanaba  
418 S. 32nd St  
100'

Juan & Luz Perez  
414 S. 32nd St  
100'

Janice Mills  
404 S. 32nd St  
100'

510.12 ft. - 30' wide back to back paved street with curb and gutter

Jim McNeill  
423 S. 32nd St  
100'

City of Escanaba  
419 S. 32nd St  
100'

City of Escanaba  
415 S. 32nd St  
100'

City of Escanaba  
409 S. 32nd St  
60'

Richard & Lori Bugay  
403 S. 32nd St  
100'

POOL

## **City of Escanaba Policies and Procedures**

**Originator:** City Manager's Office

**Revision Date:** December 1, 2007

**Subject:** Special Assessment Policy #120107-02 – Property Owner Petition

**CROSS REFERENCE:** Charter, Chapter XI. Special Assessments

**Purpose:** The City of Escanaba through the City Council is empowered to provide for the payment of all or part of the cost of construction, reconstruction, repairs, operation or maintenance of any structure or work in the nature of public improvements, by levying and collecting special assessments upon property specially benefited. The City will follow through with the special assessment procedure as outlined in this policy and in accordance with the Escanaba Charter, Chapter XI. Special Assessments.

### **I. ENGINEER/ DIRECTOR OF PUBLIC WORKS DEPARTMENT**

Before submitting a petition for improvements to be paid by special assessment the parties requesting the work must meet with the Director of Public Works, or his/her designee, to review the proposed work, budgetary concerns and potential design restraints and review the policy and procedures that will need to be followed in order to move the request forward. The meeting is a vehicle intended to provide the parties with general guidance prior to the expenditures of large amounts of time and money. Before a petition can be submitted, it must include the printed names, signatures and addresses of more than 50% of the legal property owners by linear frontage that will be liable for the special assessment. The petition must also include a clearly stated scope of work being requested.

Once an executed petition for improvements has been deemed complete by the Director of Public Works, the petition shall be referred to the City Manager for review with a recommendation to approve, deny, or modify the petition. A preliminary cost estimate of the project will also be created.

### **II. CITY MANAGER**

Once an executed petition for improvements has been forwarded to the City Manager, the City Manager shall schedule a pre-special assessment meeting with the Director of Public Works, City Clerk, Assessor, Treasurer and Controller. The purpose of the pre-special assessment meeting is to review the scope of work being requested, review descriptions of lots and premises to be assessed with the amount of the assessment to be levied and to whom, review funds availability, review legal requirements for posting of hearings and assessing, and

establishing general guidelines and timelines for the potential project.

AL → After staff review, The City Manager shall forward the petition and site plan/public improvement description to the Planning Commission, the Planning Commission shall at a public meeting (Public Hearing) review the site plan/public improvement description so as to facilitate public review and understanding of the proposed improvement. The Planning Commission shall then make a recommendation to the City Council to include or not include the petitioned work into the Capital Improvement Plan.

After staff review and Planning Commission recommendation, the City Manager shall forward the petition to the City Council for review with all recommendations to approve, deny, or modify the petition as part of the annual budget hearing process.

### **III. CITY COUNCIL**

During annual budget hearings and upon submission of an executed petition for improvements, along with all recommendations, the City Council shall consider if the improvements can be made in accordance with budgetary guidelines and available funding. Should the City Council deem the petitioned project to be necessary and funds are available, the City Council shall order such improvements to be made and have the item included in the budget.

Before ordering any public improvements or repair, any part of the expenses of which is to be defrayed by special assessment, the City Council shall require Administration to estimate the expense of the work to be performed and have such estimate filed with the City Clerk for public examination. When the City Council determines to make any public improvement or repairs and defray in whole or in part of the cost and expense by special assessment, the City Administration, through the Clerk's Office and in partnership with the City Engineer shall in writing detail the nature of the improvements to be made and what part or portion of the expenses will be paid by special assessment and what part, if any, are to be paid by the general fund of the City.

Once included in the budget, but prior to the commencement of any petitioned improvements, a public hearing on the proposed improvements will be conducted before the City Council. Should the City Council recommend the proposed improvement move forward at the public hearing, a second public hearing will take place on the proposed special assessments. If the City Council approves both the proposed improvements and the special assessments, the work shall commence within the budgeted year.



#### **IV. CITY CLERK**

Once the City Council has included the improvements into the budget and has directed the Administration to complete the petitioned improvements, the City Clerk shall notify all parties that will be affected and assessed by the improvements. The first notice shall include a description of the proposed improvements, the property owner to be assessed, the time and place when the City Council will conduct a public hearing and consider any objections to the proposed improvements. This notice shall be given to the property owner at least 15 days in advance of the City Council hearing, in person or by certified mail. Additionally, the City Clerk will be required to publish in the local newspaper a notice of the upcoming hearing before the City Council. The publication of this notice shall be a minimum of 5 days before the hearing date.

If the City Council approves the proposed improvements, a second notice shall be sent out by the Clerk to all parties notifying said property owners of the proposed special assessment cost. The second notice will include a description of the proposed improvements, the property owner to be assessed, the time and place when the City Council will conduct a public hearing and consider any objections to the proposed special assessments. This notice shall be given to the property owner at least 15 days in advance of the City Council hearing, in person or by certified mail. Additionally, the City Clerk will be required to publish in the local newspaper a notice of the upcoming hearing before the hearing date. The publication of this notice shall be a minimum of 5 days before the hearing date.

#### **V. ASSESSOR**

For special assessments that are delinquent the Assessor shall levy the sum of the special assessment against the persons chargeable, as a tax, in the general tax roll as defined by the Charter, Chapter XI. Special Assessments.

## **2. Special Assessment Project Review**

DeGrave stated that a Special Petition for Street Improvements had been received from residents to pave the unimproved portion of South 32<sup>nd</sup> Street. This serves as the Public Hearing before the recommendation to add the project to the Capital Improvement Plan.

*Chairperson Smyth opened the public hearing.*

There were no public comments. Hellerman noted that Janice Mills spoke in support of the project at the March 14, 2019 Planning Commission meeting.

*Chairperson Smyth closed the public hearing.*

**Gierke made a motion, seconded by Caswell, to include the paving with curb and gutter of South 32<sup>nd</sup> Street from the 3<sup>rd</sup> Avenue South right-of-way to the existing pavement in the Capital Improve Plan for the 2019/2020 budget year. MOTION PASSED unanimously.**

## **3. 2019-2024 Capital Improvement Plan**

DeGrave indicated the 2019-2024 Capital Improvement Plan (CIP) was being reviewed by the Planning Commission to make recommendation to City Council as part of the annual budgeting process.

Davis asked if the state mandate to replace entire water lines which has caused the necessary raise in water rates this year will affect any of the projected projects in 2019/2020 budget year. City Manager Patrick Jordan responded that it is going to be a fluid year, depending on state mandates, budgeting, and the challenge pending in the Court of Claims for being required to replace all pipes when there is no discernable lead problem with the water.

Jordan also noted that a project to construct a roundabout on 3<sup>rd</sup> Avenue and South 30<sup>th</sup> Street intersection has been added to the 20/21 CIP, in response to the concerns raised about increasing traffic issues during a recent Planning Commission site plan review for a new project in that area.

Gierke asked whether the City had any plans to acquire right-of-way to the property and put an actual street in the area to the west of Shopko that is currently being used as a de facto street, since the property would likely be up for sale soon. Jordan said he would look into the ownership and possibility of adding it to the CIP in the future.

Discussion followed on the prioritization of projects, the role of the Master Plan in determining projects, and the use of grants to fund many of the recreational projects.

*Chairperson Smyth opened the public hearing.*

There were no public comments.

*Chairperson Smyth closed the public hearing.*

**Williams made a motion, seconded by Gierke, to recommend the 2019-2024 Capital Improvement Plan to City Council as submitted. MOTION PASSED unanimously.**

## **UNFINISHED BUSINESS**

### **1. Discussion on Zoning Considerations for Recreational Marijuana**

N.B. - #1  
C.C. 5/16/19

MEMORANDUM: May 8, 2019

TO: Patrick Jordan

INFO: Phil DeMay

FROM: Bob Becotte

SUBJECT: Items for May 16, 2019, City Council meeting

Please place the following items on the May 16 City Council agenda:

**Approval of a Resolution to Adopt a Local Pavement Warranty Program**

The Michigan DOT is requiring all cities and villages to adopt and implement a Local Pavement Warranty Program. This warranty program must be adopted no later than September 18, 2019, and be done in two resolutions. Attached is a Resolution to Adopt a Local Pavement Warranty Program, a short article explaining the warranty program, and the Local Agency Warranty Program developed by the Michigan DOT. It should be noted that Local Agencies will only be required to consider this warranty program for larger projects (projects utilizing any state or federal funding that also includes \$2 million or more in paving related components). Administration recommends approval of this resolution.

**Approval of a Resolution to Implement a Local Pavement Warranty Program**

The Michigan DOT is requiring all cities and villages to adopt and implement a Local Pavement Warranty Program. This warranty program must be adopted no later than September 18, 2019, and be done in two resolutions. Attached is a Resolution to Implement a Local Pavement Warranty Program, a short article explaining the warranty program, and the Local Agency Warranty Program developed by the Michigan DOT. It should be noted that Local Agencies will only be required to consider this warranty program for larger projects (projects utilizing any state or federal funding that also includes \$2 million or more in paving related components). Administration recommends approval of this resolution if Council approved the Resolution to Adopt under the previous item.



## **RESOLUTION NO. 19-10**

### **RESOLUTION TO ADOPT A LOCAL PAVEMENT WARRANTY PROGRAM**

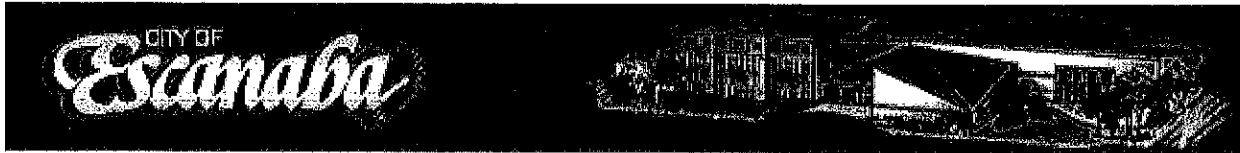
**WHEREAS**, the Michigan Legislature (MCL 247.663) requires each city or village to adopt a Local Agency Pavement Warranty Program that was approved by the Michigan Department of Transportation in 2018;

**WHEREAS**, the Michigan Local Agency Pavement Warranty Program was developed by the Local Agency Pavement Warranty Task Force for use by all 533 cities and villages in the format approved by the Michigan Department of Transportation in 2018;

**WHEREAS**, the Michigan Department of Transportation has reviewed and approved the Michigan Local Agency Pavement Warranty Program consisting of Special Provisions (Boilerplate, Concrete, HMA, Location, Pass-Through Warranty Bond); a Warranty Bond Form and Contract Form; and Guidelines for Local Agency Pavement Warranty Programs;

**NOW THEREFORE BE IT RESOLVED**, the City of Escanaba hereby adopts the Michigan Local Agency Pavement Warranty Program and accompanying documents in accordance to the requirements of MCL 247.663;

**BE IT FURTHER RESOLVED**, this resolution is made a part of the minutes of the City of Escanaba City Council meeting of May 16, 2019.



## RESOLUTION NO. 19-11

### RESOLUTION TO IMPLEMENT A LOCAL PAVEMENT WARRANTY PROGRAM

**WHEREAS**, The Michigan Legislature created a requirement (MCL 247.663) as part of the Transportation Funding Package of 2015 that requires each city and village to adopt a Local Agency Pavement Warranty Program that was approved by the Michigan Department of Transportation in 2018;

**WHEREAS**, the City of Escanaba adopted the Michigan Local Agency Pavement Warranty Program on May 16, 2019;

**WHEREAS**, the City of Escanaba agrees to consider a local pavement warranty on each project that includes \$2 million or more in paving-related items *and* includes any state or federal funds;

**WHEREAS**, the Local Agency Pavement Warranty Program law requires each city and village to report annually on each project that includes \$2 million or more in paving-related items *and* includes any state or federal funds, whether or not a warranty was utilized in the project;

**WHEREAS**, the City of Escanaba agrees to implement the Michigan Local Agency Pavement Warranty Program consistent with the Guidelines for Local Agency Pavement Warranty Program document that was approved by the Michigan Department of Transportation in 2018; and which City of Escanaba's adopted Implementation Policy defines the City of Escanaba's intent of its pavement warranty program;

**NOW THEREFORE BE IT RESOLVED**, the City of Escanaba hereby agrees to implement the Local Agency Pavement Warranty Program and annually report in accordance with the law.



# Timeline Approaching for Local Agency Pavement Warranty Program

By John LaMacchia

As part of the Transportation Funding Package of 2015, the Michigan Legislature created a requirement (MCL 247.662, 247.663) that each local road agency in Michigan adopt a Local Pavement Warranty Program acceptable to the Michigan Department of Transportation (MDOT).

The resulting Michigan Local Agency Pavement Warranty Program is the statewide accepted format that local agencies can use for hot mix asphalt (HMA) and plain jointed concrete paving projects on public roads and streets, if they opt to utilize a warranty on a project. This Warranty Program must be adopted by every community no later than Sept. 18, 2019, and every community must consider a warranty on each project utilizing any state or federal funding that also includes \$2 million or more in paving-related components. Communities must annually report on projects with \$2 million or more in paving-related items, regardless of whether they implemented a warranty or not.

To assist with the adoption of the Warranty Program, the League has set up a Local Agency Pavement Warranty Program webpage where you can download all the information necessary to adopt the program.

<http://www.mml.org/advocacy/pavement-warranty/>

The overall goal of the Michigan Local Pavement Warranty Program is to have one standardized method for applying pavement warranties on local agency projects, which provides a consistent, quantifiable and transparent program that pavement contractors can recognize and implement.

## Program Components

The Local Pavement Warranty Program, as approved by MDOT, consists of the following documents and they can be found on the League's Local Agency Pavement Warranty Program web page: Special Provisions (Boilerplate, Concrete HMA, Location and a Pass-Through Warranty Bond).

- Warranty Bond Form and Contract Form
- Guidelines for Local Agency Pavement

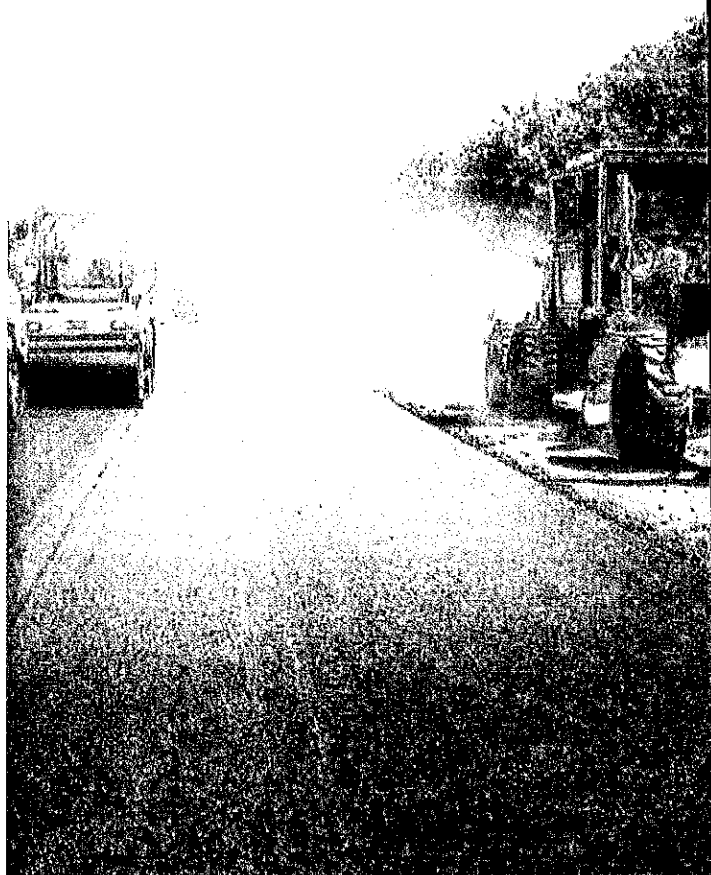
## Warranty Program

The program was developed by the Local Agency Pavement Warranty Task Force including representatives of the Michigan Municipal League, County Road Association, MDOT, Federal Highway Administration-Michigan, Michigan Local Technical Assistance Program (LTAP), municipal road agencies, legal counsels and industry representatives.

## Timeline for Warranty Policy Adoption

The Local Pavement Warranty Program developed by the Task Force must be adopted by your community on or before September 18, 2019.

To adopt the Pavement Warranty Program, each community should adopt two separate Resolutions. First, a Resolution to Adopt a Local Pavement Warranty Program (sample template and corresponding documents can be found on the League's webpage) is needed to adopt the Local Agency Pavement Warranty Program and its accompanying documents. Second, a Resolution to Implement




## Michigan Local Agency Pavement Warranty Program

- Must be adopted by every community no later than Sept. 18, 2019
- Every community must consider a warranty on each project utilizing any state or federal funding that also includes \$2 million or more in paving-related components
- Communities must annually report on projects with \$2 million or more in paving-related items, regardless of whether they implemented a warranty or not

a Local Pavement Warranty Program (sample template can be found on the League's webpage) that defines the agency's intent to apply the warranty program consistent with the Local Agency Pavement Warranty Guidelines and report annually on each project that includes \$2 million or more in paving-related components and includes any state or federal funds.

The goals of the Local Agency Pavement Warranty Program are to meet the legislative mandate to implement it, as well as to standardize review and oversight of pavement warranty projects, and to have a program that is transparent and uniform for private-sector contractors.

To find the sample Resolutions and corresponding documents, please visit the League's Local Agency Pavement Warranty Program webpage.  
<http://www.mml.org/advocacy/pavement-warranty/>

**Future Warranty Education Programs**  
The Warranty Task Force has obtained a FHWA grant of \$74,000, which its Education Subcommittee will use to work with the Michigan Local Technical Assistance Program (LTAP) to conduct education and training sessions. Training will be designed for elected/appointed officials, administrators, as well as managers/directors, engineers and engineering technicians in both onsite sessions and online webinars during 2019. The League will work with LTAP to publicize these sessions. 

*John LaMacchia is the assistant director of state*



**Michigan communities have a  
22-person planning department.**

**You can, too.**

**"They're always available to provide  
advice on most planning or zoning  
issues and their advice is based on  
35 years of experience in numerous  
communities throughout Michigan."**

R. Brent Savidant, planning director, City of Troy



**Carlisle | Wortman**  
ASSOCIATES, INC.

# **GUIDELINES FOR LOCAL AGENCY PAVEMENT WARRANTY PROGRAM**

By  
CRA Engineering Committee  
Local Agency Pavement Warranty Task Force

*Revised 8-13-2018*



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## **PREFACE- Intent of the Local Agency Warranty Program**

The Legislature (P.A. 175 of 2015) requires each local road agency to adopt a Local Pavement Warranty Program acceptable to the Michigan Department of Transportation. Warranties have the potential to improve the quality of road projects, benefitting the drivers, taxpayers and road agencies of Michigan

The intent of the Local Agency Pavement Warranty Program is to provide a warranty program that all local agencies can use for all hot mix asphalt and plain jointed concrete paving projects on public roads and streets. This pavement warranty program was created by the Local Agency Pavement Warranty Task Force, to establish a common pavement warranty program for all local agencies in Michigan. The goals of this Local Agency Pavement Warranty program is to standardize the review, to provide oversight of pavement warranty projects, and to make this program more transparent and uniform for private sector contractors.

This Local Agency Pavement Warranty Program is available for all local road agencies if they choose to use it. Local road agencies vary dramatically in size and sophistication; therefore the Local Road Warranty Task Force developed a warranty program to address the capabilities of the rural, the mid-sized urban and the large urban agencies. This approach provides a warranty program that meets the intent of Public Act 175 of 2015 (MCL 247.662 and 247.663), and provides all local road agencies with a pavement warranty program that provides value to the public.

The Local Road Warranty Task Force recognizes there may be substantial benefits and public confidence resulting from a comprehensive pavement warranty program. However, the existing pavement structure, drainage and planned improvements for each project will need to be evaluated on an individual basis to critically assess a justification or basis for a pavement warranty. Road agencies should anticipate increased project costs related to higher bid prices and costs for the warranty administration such as: pavement monitoring, defect documentation, official notifications, joint field inspections; defect remediation and dispute resolution.

The intent of this GUIDELINES FOR LOCAL AGENCY PAVEMENT WARRANTY PROGRAM, is to provide an overview and guidance on implementing a pavement warranty project. This guideline is intended for local agency use and it not intended to be a contract document.

## **GUIDELINES FOR LOCAL AGENCY PAVEMENT WARRANTY PROGRAM**

### **Pavement Warranty Reporting and General Warranty Project Selection**

According to PA 175 of 2015, all local road agencies must submit an annual report to the state for all projects where the pavement-related bid items exceeded \$ 2 million, regardless of whether or not the agency included a pavement warranty on the project. Each local road agency must submit and maintain its records to comply with the reporting requirements included in Appendix E.

The Task Force determined that the Legislature's intent for local pavement warranties is to provide assurances to elected officials and taxpayers in the use of the new funds arriving for road and bridge infrastructure. Assurances which include that local road projects would be held to a higher standard in the future.

At the same time, there are logical explanations why a local road agency may choose to not require a warranty such as unjustifiably higher costs for a warranted project that may or may not be affordable to the community and may or may not be justified by the scope of the project; recognition of a limit to the contractor's ability to bond for every project; some projects are simple preservation or resurfacing over an existing imperfect road base wherein the contractor cannot control such pre-existing conditions; and many other engineering factors that indicate a pavement warranty would not serve the taxpayer's best interests. Whether or not a warranty is selected on a project with \$2 million in pavement related items, this must be reported to the Legislature on an annual, state fiscal year basis.

The Legislature had the wisdom to specify that warranties would be left to the discretion and justification of the local road agency and its road engineering expertise. Agencies can waive a pavement warranty with a written justification. The agency's written justification identifies reasons such as project appropriateness, scope and type of project improvements, why this is in the best interest of the local agency, project cost justification, and effectiveness of the warranty provisions. It is highly recommended for all local road agencies with paving projects where the engineer's opinion of cost exceeds \$ 1.8 million in pavement related items that serious consideration should be given to include the pavement warranty special provisions in the project proposal prior to advertisement.

The Task Force does not believe the Legislature intended every local new construction, reconstruction, rehabilitation, and overlay road project to be warranted, and thus included the \$2 million threshold. Because pavement is the road component most likely to fail – and the area most aggravating to the motoring public – the Task Force believed the Local Pavement Warranty Program was intended to focus on pavement-related items. The Task Force has relied on customary and basic engineering principles in defining pavement-related items that are recommended for consideration of a warranty. As a result of the Local Agency Warranty Task Force believes the Michigan Legislature intended a local road agency to use its best judgment in requiring a warranty, consistent with the scope of the intended project and the ability to enforce it.

This Local Agency Pavement Warranty Program considers the vast array of project types and sizes. Local road agency projects often involve short stretches of pavement resurfacing to address a surface condition or safety concern. These types of projects are accomplished with very limited budgets, often with funding from non-MTF sources. In addition, often these types of projects do not address the subgrade, existing aggregate base or drainage systems; which all are major factors in determining the longevity of a pavement surface. If the road segment may

be subjected to a significant amount of overloads (higher than average daily truck counts and/or heavier than normal axle loading) during the anticipated warranty term, the road may not be a good candidate for pavement warranties. Therefore, the Local Agency Pavement Warranty Program is recommended for road segments designated as "all-season road" which are designed for year-round normal loading.

While the law indicates where possible a pavement warranty shall be secure when the paving project exceeds \$2 million, the Task Force recognizes project bids are often 10 percent over the engineer's opinion of cost, and that a warranty requirement cannot be retroactively applied to a road project after the bids are opened. Thus, the Task Force has recommended the more conservative \$1.8 million engineer's opinion of cost for pavement related items, as the point when the local agency decides if the warranty special provisions are included in the bid documents, rather than the \$2 million stated in the law.

The Task Force believes the Michigan Legislature was speaking in the context of new Michigan Transportation Funds for roads, which are exclusively state revenue sources, when it included the Local Agency Pavement Warranty Program alongside the new funding legislation in the 2015 Transportation Package. It also seems clear the Legislature was speaking not just to the new transportation funds, but also to the other road funds under its control, which includes the federal funds flowing through MDOT to the local road agencies.

The Local Agency Pavement Warranty Program also recognizes that if the only source of revenue for a local road agency paving or reconstruction projects is entirely locally derived revenue (non- Act 51 or Federal Funds) such as local general fund, millage revenue, special assessment districts or other locally raised revenue; then these projects will not be subject to the Local Agency Pavement Warranty Program reporting requirements.

It's important to note that this Local Agency Pavement Warranty Program may also be used by that local road agency on any paving project regardless if the \$2 million dollar threshold for pavement related items has been reached or not. This approach ensures that Local Pavement Warranties can be used on any project with any funding source, including Michigan Transportation Funds, and can utilize the same requirements to provide greater understanding and transparency to contractors, stakeholders and the public.

### **Warranty Contract Process**

For those construction projects advertised and let through the MDOT Local Agency Programs, the construction contract is between the prime contractor and MDOT. The prime contractors' surety company names MDOT as the obligee in the performance bond in the original contract. For Local Agency Pavement Warranty projects, an additional warranty contract and pavement warranty bond will be required prior to award, see Appendix D. The bid proposal shall include a contract consistent with the model contract and bond form shown in Appendix D. These documents will serve as the contract and warranty bond between the local road agency and the paving contractor for the warranty work. The warranty bond will be provided by the paving contractor in the name of the local road agency.

The MDOT Local Agency Agreement will reference the local road agency's responsibility to administer the warranty portion of the contract. Upon the acceptance of the construction work, the prime contractor's contract and performance bond with MDOT will be released and no longer in effect. At this point the warranty contract and warranty bond are triggered to begin the new contract for the warranted work during the warranty term.

The local road agency will be solely responsible for administering the warranty contract, inspection of warranted work during the warranty period, approving remediation work and seeking resolution through the warranty bond if the contractor is unresponsive in performing corrective work and declaring acceptance of all warranted / corrective work at the end of the warranty period.

### **General Guidelines of Local Road Agency Warranties**

These General Guidelines are recommended for all local road agencies administering pavement warranties for public road and street construction contracts. The responsibility and authority for administering pavement warranties rest with the road owner and/or the local road agency that conducted the construction administration phase of the project.

To determine the pavement-related cost for a hot mixed asphalt pavement warranty project, the Local Agency is required to prepare an opinion of cost for all of the pavement-related items which include: the pavement, curb, shoulders, aggregate base, subbase and underdrain pay items. To determine the pavement-related cost for concrete pavements, the local road agency engineer is required to prepare an opinion of cost for all of the pavement-related items which include: pavement, curb, shoulders, joint sealing, dowel bars, load transfer devices, aggregate base, subbase and underdrain. If the total estimated cost of these pavement-related items exceeds \$1.8 million in the opinion of the Engineer, the local road agency should review the existing pavement variables, stated in the "Pavement Warranty Reporting and General Warranty Project Selection" section of this document, to determine if the pavement warranty special provisions should be included in the bid documents.

The contractor is responsible for correcting defects attributable to elements within the contractor's control. Each warranty specification includes condition parameters and distress thresholds to provide a basis for evaluating the warranted work. Each distress parameter includes threshold limits that, if exceeded during the warranty period, would trigger notifying the contractor to participate in a joint field investigation. Depending on the outcome of the investigation the contractor may be required to prepare a remediation plan to correct distresses that are attributable to its materials and/or workmanship or there may be a call for further investigation. If the agency and the contractor cannot agree, either side can call for a Conflict Resolution Team to resolve the dispute as described in the Local Road Agency Special Provision for Hot Mix Asphalt and Concrete Pavement Warranty.

Once a remediation plan is agreed-to by the local road agency and the contractor, the corrective action shall be performed. The corrective actions and/or repairs shall be performed to correct deficiencies in the warranted work in order to achieve acceptance at the end of the warranty period. If the contractor fails to perform the remediation work within specified timeframes, the local road agency shall notify the surety company to perform the work. Further, if a defect is declared as an imminent safety problem by the agency, the local agency may complete the work and seek reimbursement from the contractor or submit a claim against the warranty bond.

All required corrective action must be performed by the contractor at no cost to the owner. The condition parameter thresholds and warranty requirements may vary depending on the date the specification was developed; type of warranty; and the application to the construction work. It is important, therefore, to refer to the specific warranty special provision in the contract when administering warranties.

The warranty administration phase should follow the documentation procedures outlined in Appendix A, B, C, D and E of these guidelines. The warranty administration can be performed by qualified local agency staff members or under a consultant service contract.

## **Warranty Documents**

The Local Agency Pavement Warranty consists of the warranty contract and warranty bond as well as the appropriate special provisions:

- Local Road Agency Special Provision for Hot Mix Asphalt and Concrete Pavement Warranty
- Local Road Agency Special Provision for Warranty Work Requirements for Hot Mix Asphalt Pavement
- Local Road Agency Special Provision for Warranty Work Requirements for Jointed Plain Concrete Pavement
- Local Road Agency Special Provision for Pavement Warranty Information

The Local Road Agency Special Provision for Hot Mix Asphalt and Concrete Pavement Warranty establishes the common terms and definitions applied to pavement projects requiring a warranty. The Local Road Agency Special Provision for Warranty Work Requirements for Hot Mix Asphalt Pavements warrants the Local Road Agency against specific defects in HMA pavements. The Local Road Agency Special Provision for Warranty Work Requirements for Jointed Plain Concrete Pavement warrants the Local Road Agency against specific defects in concrete pavements. Local Road Agency Special Provision for Pavement Warranty Information provides the beginning and ending locations for warranted work and the applicable warranty work requirements special provision.

Under the Local Agency Pavement Warranty special provisions the Prime Contractor is responsible for correcting defects in the pavement caused by elements within the contractor's control (i.e., the materials supplied, the workmanship, etc.), during the warranty period. The Pavement Warranty Contract Provisions and Warranty Bond may pass through to subcontractors, and with this the responsibility to correct warranty defects, at the direction of the Prime Contractor and upon written notice to the agency prior to the start of the work.

The contractor assumes no responsibility for defects that are design related unless the paving contract is design-build. When a defect is attributable to the materials and/or workmanship and/or the design, the responsibility for correcting the defect (or defects) will be shared by the agency and the contractor. The contractor is responsible for the percentage of fault attributable to the workmanship and/or materials, and the agency is responsible for the percentage of fault attributable to the design. Note: The agency may elect to require the contractor to provide the pavement design(s) in the contract documents and specifications. In this case, the Contractor shall also be responsible for the percentage of fault attributable to the pavement design.

## **Warranty Process**

The process flow charts as shown in Appendix A describe the steps involved in the warranty administration process. The warranty term begins with the acceptance of the warranted work during construction of the project. Warranty Administration involves periodic condition inspections of the mainline pavement areas throughout the warranty term; joint field inspections; documentation of findings, official notifications; joint determination of defects; initiation of corrective action, inspection & documentation of the corrective action taken, filing those inspection reports as necessary, and if necessary a conflict resolution process. If at any time, a safety issue or significant defect is observed or reported, prior to a scheduled inspection, an interim inspection will be initiated by the agency. If emergency repairs are determined to be necessary the agency can perform these repairs without altering the contractor's responsibilities under the warranty contract.

A joint field review between the local road agency and the warranty contractor may be held to verify and confirm of findings documented during the various inspections. MDOT should be included in any official communication dealing with the warranty if the construction project had MDOT oversight. The findings of the final inspection at the end of the warranty term are distributed to the owner, (and MDOT if construction had MDOT oversight), the warranty contractor and the Surety Company.

The appeal process, when needed, involves assembling a conflict resolution team (CRT) to conduct investigations as needed to determine distress cause & effect and establish concurrence between the local agency and the warranty contractor regarding warranty compliance issues. More on the CRT can be found in the section j, Correction of Defects of the Local Road Agency Special Provision for Hot Mix Asphalt and Concrete Pavement Warranty.

The final step of the process, after the project or warranty work has been deemed acceptable is closing out the warranty project through notification of the contractor, the bonding company and Local agency's Finance and /or Administration Division.

### **Rights and Responsibilities of the Local Agency**

The agency administering the project should inform the appropriate local road agency maintenance staff about sections of roadway incorporated in a warranty contract. The local road agency has the right to perform, or have performed, routine and emergency reactive maintenance during the warranty period. Major planned maintenance projects conducted during a warranty period need to be evaluated in terms of possible impact to the ongoing warranty coverage.

If corrective work is required to bring the project back into compliance with the requirements found in the warranty special provisions; the local agency in charge of the construction project must approve the schedule, materials and methods of construction repair. If the contractor is unable to comply with this provision, or fails to comply with it to the local agency's satisfaction, the local agency reserves the right to arrange for the work to be completed at the contractor's expense. If this action by the local agency is required, it will in no way relieve the contractor from meeting the warranty requirements stated in the project documents.

The rights and responsibilities are further detailed in Section e, Rights and Responsibilities of the Agency in the Local Agency Special Provision for Hot Mix Asphalt and Concrete Pavement Warranty.

### **Rights and Responsibilities of the Contractor**

The contractor must provide a written work plan for any necessary corrective warranty work. A request for a work permit must be submitted through the local road agency's permit process and work should be coordinated with the construction inspection agency if different from the local agency issuing the permit. All corrective warranty work should be completed within the warranty term. If scheduling conflicts necessitate corrective work being completed outside of the warranty term, the local road agency shall be notified as soon as the contractor is aware of the conflict.

The rights and responsibilities of the contractor are further detailed in Section f. Rights and Responsibilities of the Contractor in the Local Agency Special Provision for Hot Mix asphalt and Concrete Pavement Warranty.

## **Supplemental Lien Bonds and Liability Insurance**

In addition to the warranty bond that is in place, if corrective work is necessary the contractor must furnish supplemental lien bond to the local agency covering the corrective work. The Engineer is responsible for estimating the amount of the supplemental lien bond required. The amount should be approximately equal to the dollar amount of the corrective work. The contractor must also have liability insurance in place prior to performing corrective work during the warranty period. The contractor should not be allowed on-site to perform corrective work during the warranty period until the supplemental lien bond is in place and the proper insurances verified. Depending on the nature and scope of the corrective work, the local agency may waive this supplemental lien bond, but not the liability insurance.

## **Warranty Inspections**

Warranty inspections are limited to only mainline pavement areas. There are two types of inspections conducted during the warranty period. The cursory inspection is a simplified inspection to quickly identify segments in the project that may have distresses that exceed threshold values. This cursory inspection normally does not require a lane closure and is conducted from the roadway shoulder estimating distress lengths and widths. The detailed inspection requires direct measuring and reporting of all observed distress in each segment. Traffic control may be required to complete the detailed inspection.

The minimum inspection frequency for the various warranty provisions are specified in the applicable warranty inspection guidelines, see Appendix B. The minimum number of inspections is dependent upon the warranty duration. The local road agency may elect to perform additional inspections over & above the recommended minimum interim inspections. The suggested time frames in the inspection guidelines allow local road agencies to notify the contractor regarding warranty compliance. Interim inspections may be delayed if weather makes it difficult to inspect the road or creates an unsafe condition. Final inspections shall be completed in a timely manner to ensure that there is enough time to document any thresholds that exceed the condition thresholds and notify the contractor prior to the expiration of the warranty.

The designation of lanes during the warranty inspection shall be detailed adequately so that it is clear to all involved in the warranty process which lane is being referenced. If necessary, a sketch should be included. It is important to use the same lane numbering designation for all inspections conducted throughout the warranty period.

If defects are found in any inspection, they should be carefully and accurately documented, even if the severity or number does not meet the threshold to require corrective work. These notes shall be kept in the inspection files and reviewed prior to all future inspections of the work. The inspectors of the work should pay specific attention to areas previously noted, record those defects, and list any changes in those defects differing from the last inspection.

## **Correction of Defects**

If inspections during the warranty term show a defect has exceeded the allowable threshold as defined in either the Hot Mixed Asphalt or Concrete Warranty specification, the contractor shall be notified of the finding. The agency should call for a joint field investigation to determine the cause of the defect, and to discuss the best possible remediation of the problem. If additional forensic investigation is desired, the scope of the investigation, party or consultant to conduct



the investigation, and the cost split shall be agreed to by the engineer and contractor prior to scheduling the investigation.

If the contractor and engineer are in agreement, the Engineer shall send notice to contractor in writing the defect(s), location(s), recommended remediation and a request for a schedule to complete the work. The contractor will reply back to the Engineer, copying the local agency (and MDOT if MDOT had original construction oversight) with a schedule to complete the work. The local agency will issue a permit to the contractor to complete the warranty work according to the Local Agency's Right-of-way permit policy. The contractor will complete the work under the inspection of the Engineer.

If the contractor and engineer disagree, then a Conflict Resolution Team (CRT) may be convened. The CRT will be made of:

- One (1) member selected, and compensated by the agency.
- One (1) member selected and compensated by the contractor.
- One (1) member mutually selected by the Agency and the contractor.  
Compensation for the third party member will be equally shared by the agency and the contractor.

At least two members of the CRT must vote in favor of a motion to make a decision. If the CRT decides to conduct a forensic investigation, the CRT will determine the scope of work and select the party to conduct the investigation. All costs related to the forensic investigation will be shared proportionately between the contractor and the agency based on the determined cause of the warranty defect condition.

### **Emergency Repairs**

When the agency determines that emergency repairs of the warranted work are necessary for public safety, the agency or its agent may take immediate and sufficient repair action to address the imminent danger and to safeguard the traveling public. Prior to emergency repairs of warranted work, the agency will document the basis for the emergency action. In addition, the agency will preserve all documentation of the defective condition, including failed materials samples if applicable.

Once the imminent danger to the public has been addressed, the local road agency shall notify the contractor to explain the situation, identify the work temporarily done by the agency, and to what further actions need to happen to return the warranted work and pavement to threshold compliance. A joint inspection may be called to investigate the situation.

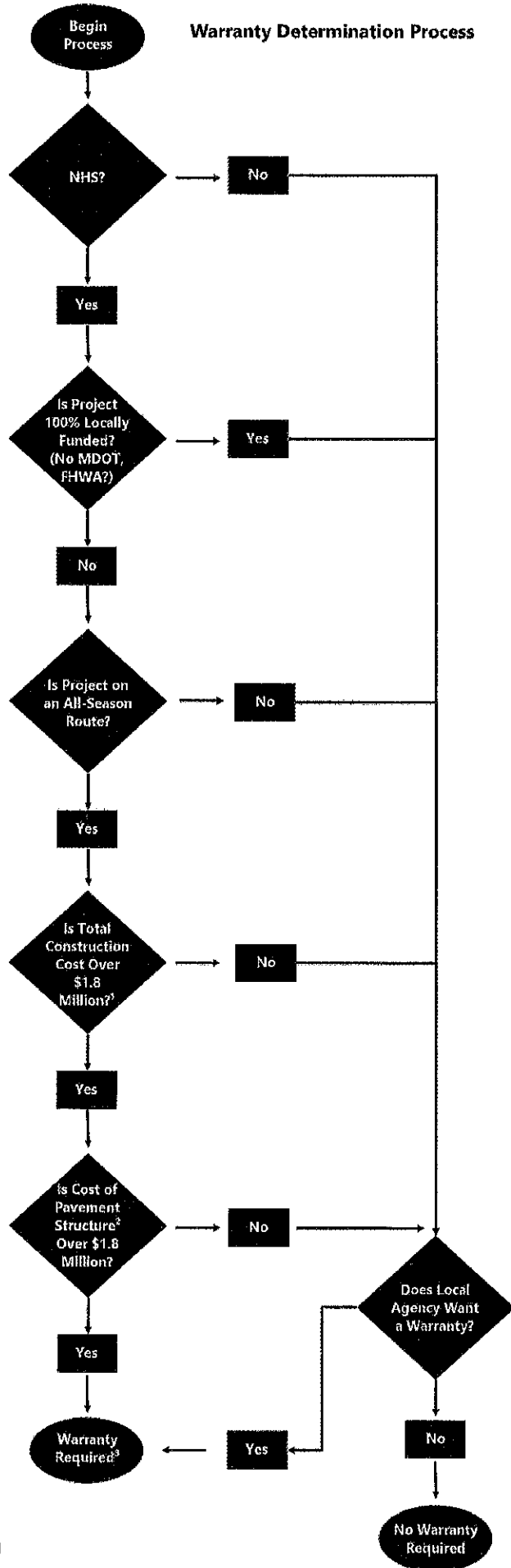
The emergency repairs of warranted work by the contractor must be authorized by the agency's engineer.

Should the contractor be unable to perform the emergency repair to the agency's satisfaction and/or within the time frame required by the agency, the agency will perform, or have performed any emergency repairs deemed necessary. Any such emergency repairs undertaken will not relieve the contractor from meeting the warranty requirements. Any costs associated with the emergency repairs will be paid by the contractor when due to a cause from defective materials and/or workmanship.

# APPENDIX A

## Flow Charts

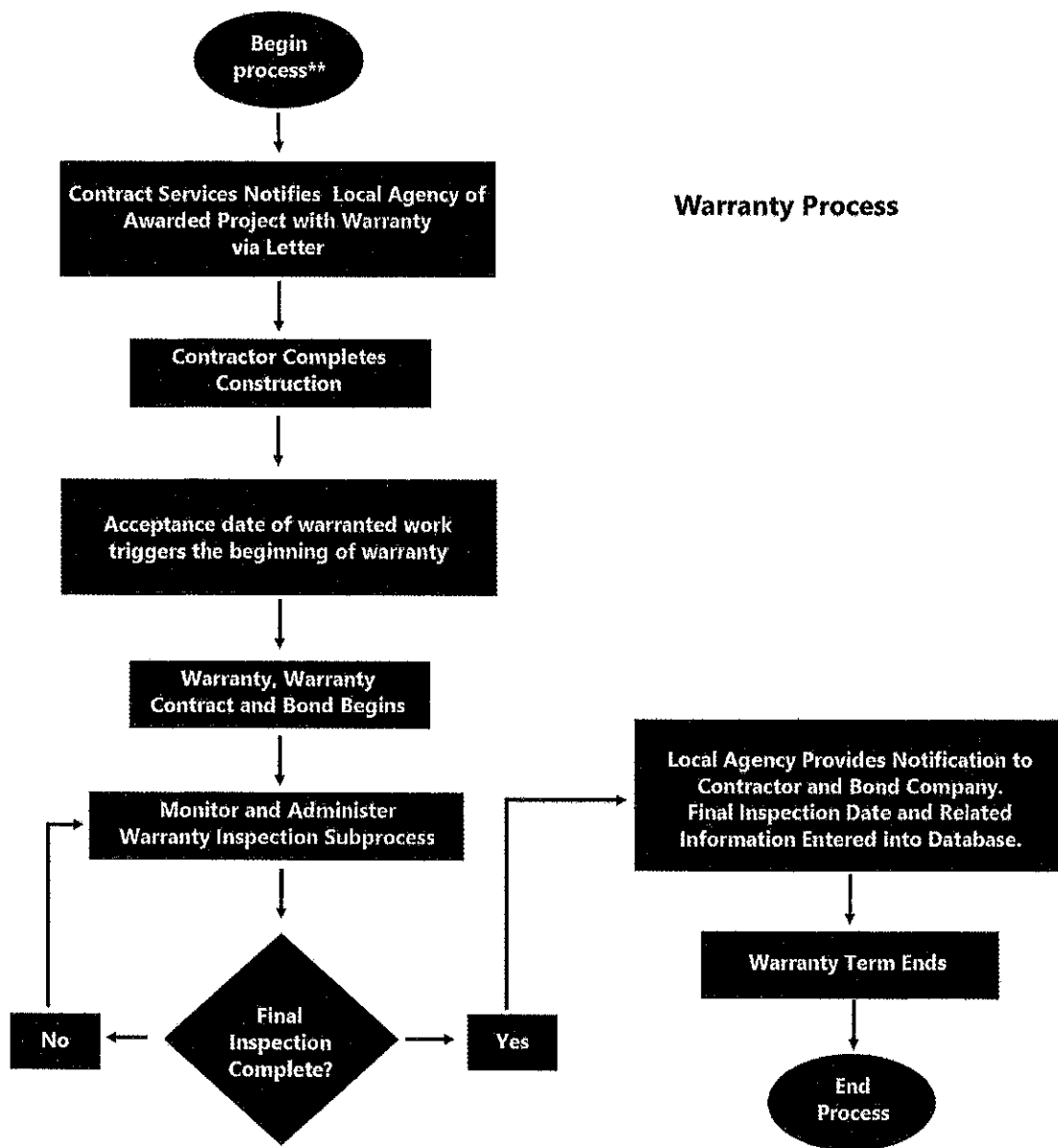
## Warranty Determination Process



<sup>1</sup>Use \$1.8 million as cost to account for bid variability.

<sup>2</sup>Pavement structure as defined by MDOT Standard Specifications includes: HMA or concrete pavement, curbs, shoulders, aggregate or granular base, subbase and underdrain.

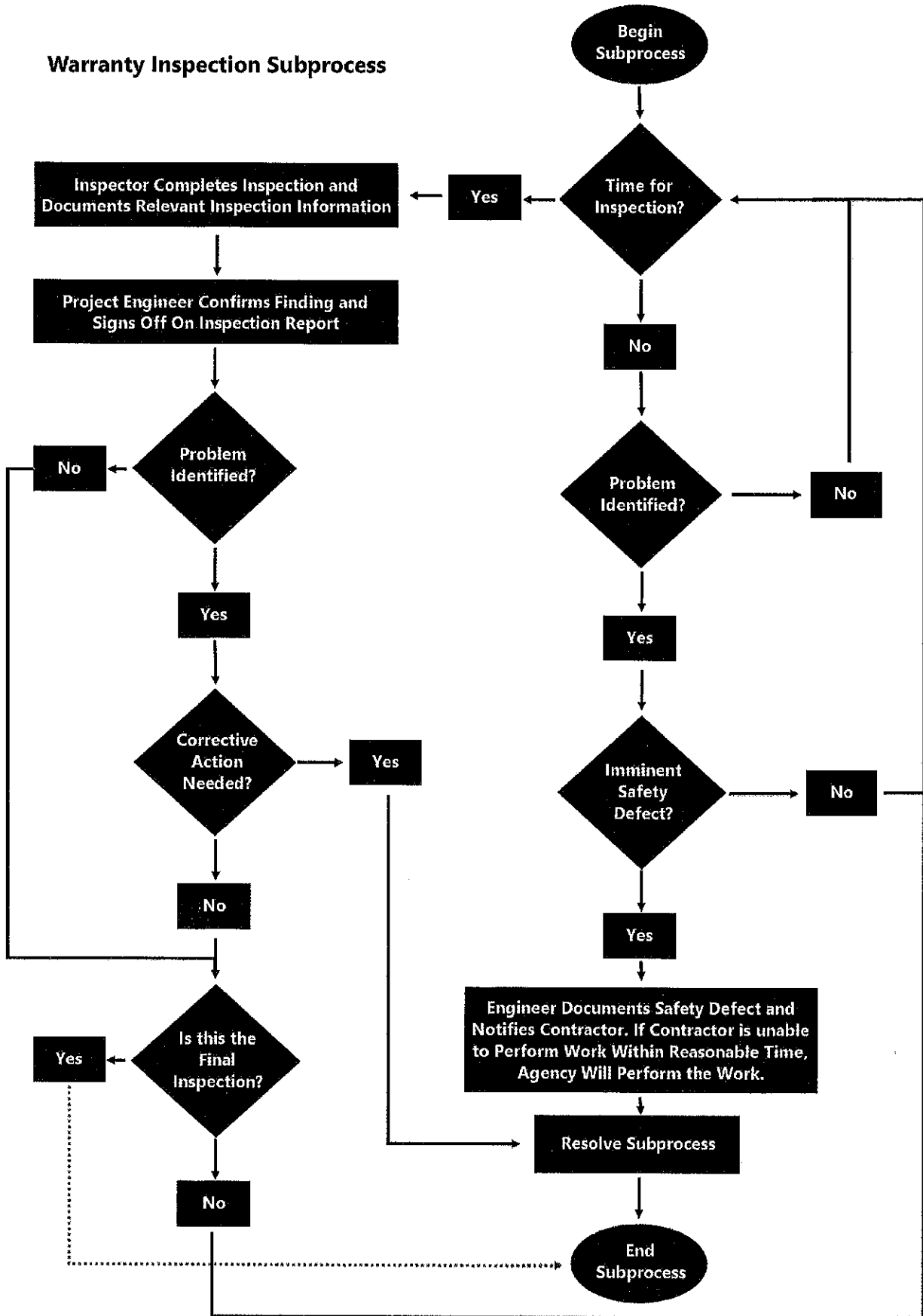
<sup>3</sup>If a local agency waives a warranty, an explanation will need to be reported.



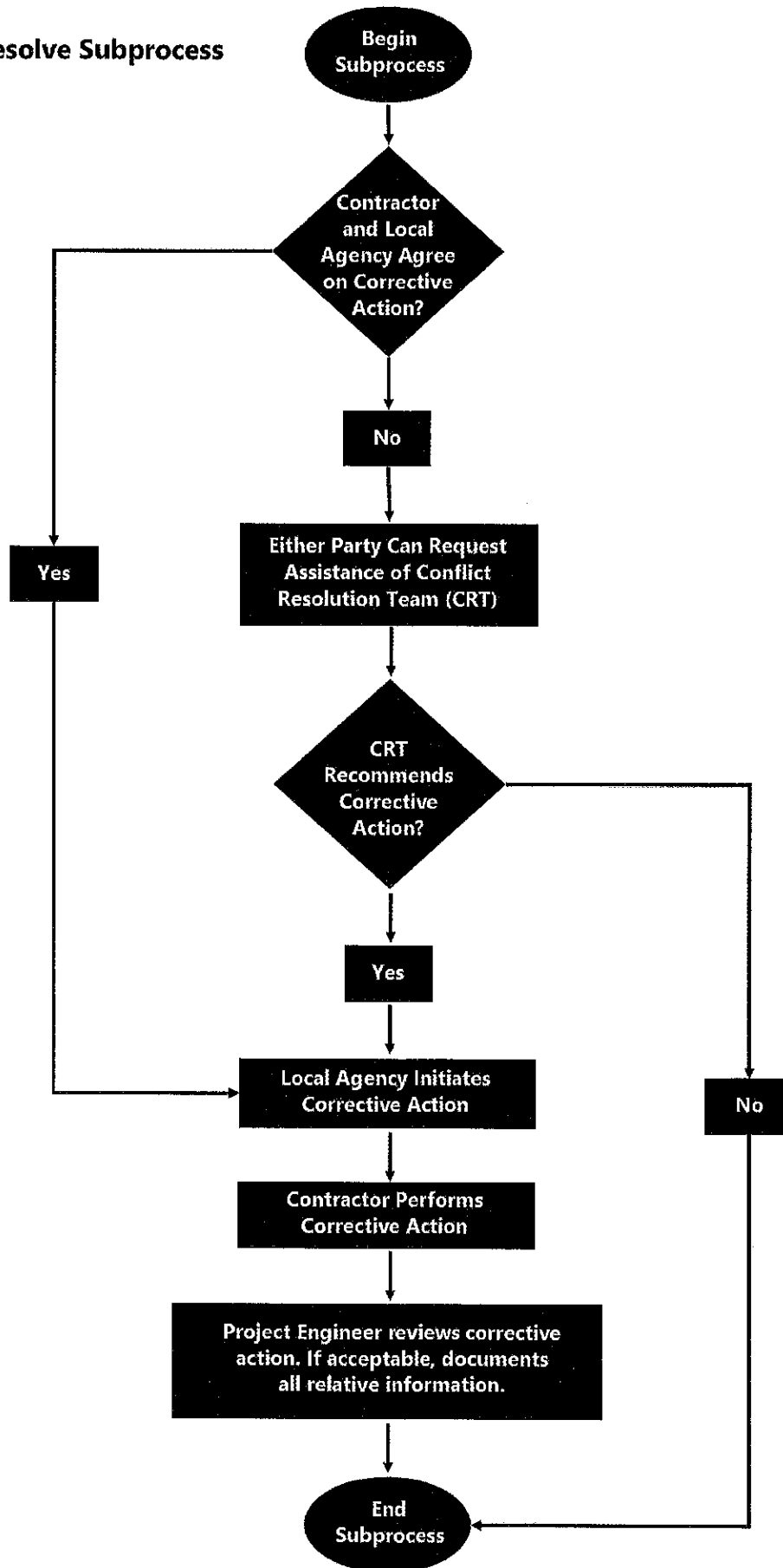
\*\*This is the process if MDOT has oversight and/or MDOT let bid.

If project is locally let, with no MDOT oversight, the local agency shall determine the process.

## Warranty Inspection Subprocess



**Resolve Subprocess**



# **APPENDIX B**

## **Inspection Guidelines**

LOCAL AGENCY  
WARRANTY INSPECTION GUIDELINES  
HMA NEW CONSTRUCTION / RECONSTRUCTION

**Warranty period:** 5 Year

**Inspection Period Begins:** Interim - 6 months after Initial Acceptance  
Final - 56 months after initial Acceptance  
(Local Agency may do additional inspections)

**Notes:**

1. Segments defined as 528 foot (1/10 mile).
2. Each lane will be evaluated separately.
3. The threshold level for each distress type is determined separately.

**Procedure:** For both **INTERIM & FINAL** inspections

1. **Perform overview inspection.** Based on results of overview inspection, recommend the project for either:
  - a. Acceptable – no corrective work needed. If this is the final inspection recommend acceptance of the work, or
  - b. Detailed inspection – more detailed inspection and / or measurements are needed
2. **Perform detailed inspection if required.** Based on the results of detailed inspection, either:
  - a. Acceptable – no corrective work needed. If this is the final inspection recommend acceptance of the work, or
  - b. Warranty work is needed – Provide contactor written notice of the distresses and locations needing corrective work.

**Condition Parameter Measurement:**

Performance parameters will be measured as described for each of the following distress types in mainline pavement areas:

1. **Transverse Cracking** - Total number of transverse cracks in a segment. Each individual crack must exceed 5 feet in length to be included in the total.
2. **Longitudinal Cracking** - Total linear feet of longitudinal cracks in a segment. Each individual crack must exceed 5 feet in length to be included in the total.
3. **De-bonding**- Total longitudinal length, in feet, of de-bonding in a segment. Potholes are to be classified as de-bonding. Measure individual de-bonding locations in the longitudinal direction, regardless of width of the distress location and sum these lengths for the segment.
4. **Raveling** - Total longitudinal length, in feet, of raveling in a segment. Measure individual raveling locations in the longitudinal direction, regardless of width of the distress location and sum these lengths for the segment.
5. **Flushing** - Total longitudinal length, in feet, of flushing in a segment. Measure individual flushing locations in the longitudinal direction, regardless of width of the distress location and sum these lengths for the segment.
6. **Rutting** - The average rut depth, in inches, in a segment. Each wheel path shall be evaluated separately. If rutting is found, the pavement surface will be measured beginning at the POB and every 132 feet thereafter to determine average rut depth to quantify rutting for a



particular segment. Rut measurements will be done using a straight rigid device that is a minimum of 7 feet long and of sufficient stiffness that it will not deflect from its own weight, or a wire under sufficient tension to prevent sag when extended 7 feet. Measurements will be taken by placing this "straightedge" across the pavement surface perpendicular to the direction of travel. The straightedge shall contact the surface on at least two bearing points with one located on either side of the rut. The straightedge is properly located when sliding the straightedge along its axis does not change the location of the contact points. Rut depth is then measured at the point of greatest perpendicular distance from the bottom of the straightedge to the pavement surface.

7. **Alligator Cracking** – Total area, in square feet, of alligator cracking in a segment. Measure individual alligator cracked areas and sum the areas for the segment.

#### **Overview Inspection Procedure:**

1. Review any notes from previous inspections.
2. Perform a "windshield" survey of the entire location length. Based solely on visual examination and estimated measurements, approximate the individual distress quantities for the questionable segment(s) of each distress type and record on the inspection form. Details which should be noted for the inspection include, but are not limited to the following:
  - a. The lane or ramp where the distress was noted and the associated direction.
  - b. Approximate distress location (i.e. 1/4 mile north of the POB, or at the intersection of 1st St in SW quadrant, or near drive for house #123..)
  - c. The distress quantity, in general terms (i.e. minor amounts of longitudinal cracking; mid lane flushing).
  - d. Areas where temporary maintenance makes it difficult to determine the type of distress, (i.e. presence of cold patching material).
3. Estimate if any of the following distress threshold conditions are exceeded
  - a. Transverse Cracking exceeds 3 total in the segment length (3 cracks within 528 feet) for any single segments.
  - b. Longitudinal Cracking exceeds 10 percent of the segment length (53 feet within 528 feet) for any single segments.
  - c. Debonding exceeds 5 percent (5%) of the segment length (26 feet within 528 longitudinal feet) for any 1 segment.
  - d. Raveling exceeds 8 percent (8%) of the segment length (42 feet within 528 longitudinal feet) for any 1 segment.
  - e. Flushing exceeds 5 percent (5%) of the segment length (26 feet within 528 longitudinal feet) for any 1 segment.
  - f. Average rut depth exceeds 0.375 (3/8) inches for any 1 segment.
  - g. Any amount of alligator cracking.
4. If **any** condition above is estimated to be true:
  - a. Perform Detailed Inspection; and

- b. Provide a description of the magnitude and location(s) of the distress condition(s) observed which justify the Detailed Inspection.
5. If **all** conditions above are false:
    - a. Recommend work is acceptable.
    - b. If this is an interim or other non-final inspection, put notes in file.
    - c. If this is final inspection recommend final acceptance.

**Detailed Inspection Procedure:**

1. Determine the questionable segments suspected of exceeding threshold limits for each individual distress type based on the overview inspection notes.
2. Document the lane, direction and distance from POB, of each questionable segment identified in Step 1.
3. For each questionable segment, measure and record the amount of each individual distress type and record on the inspection form.
  - a. Transverse Cracking
  - b. Longitudinal Cracking
  - c. De-bonding
  - d. Raveling
  - e. Flushing
  - f. Rutting
  - g. Alligator Cracking
4. Determine if any of the threshold limits for transverse cracking, longitudinal cracking, de-bonding, raveling, flushing, or alligator cracking, listed under Overview Inspection, are exceeded.
5. Evaluate segments where the average rut depth appears to exceed 0.25 inches as follows.
  - a. Measure the average rutting at all questionable segments to verify that the threshold was exceeded.
6. Warranty work is required at those segments for which any of the threshold limits for transverse cracking, longitudinal cracking, de-bonding, raveling, flushing, rutting, or alligator cracking are exceeded. Provide the contractor with results of the inspection indicating segments where warranty work is required.

LOCAL AGENCY  
WARRANTY INSPECTION GUIDELINES  
**HMA CONSTRUCTION OVER AGGREGATE BASE  
WITHOUT BASE OR DRAINAGE IMPROVEMENT**

**Warranty period:** 3 Year

**Inspection Period Begins:** Interim - 6 months after Initial Acceptance  
Final - 32 months after initial Acceptance  
(Local Agency may do additional inspections)

**Notes:**

1. Segments defined as 528 foot (1/10 mile).
2. Each lane will be evaluated separately
3. The threshold level for each distress type is determined separately.

**Procedure:** For both **INTERIM & FINAL** inspections

1. **Perform overview inspection.** Based on results of cursory inspection, recommend the project for either:
  - a. Acceptable – no corrective work needed. If this is the final inspection recommend acceptance of the work, or
  - b. Detailed inspection – more detailed inspection and / or measurements are needed
2. **Perform detailed inspection if required.** Based on the results of detailed inspection, either:
  - a. Acceptable – no corrective work needed. If this is the final inspection recommend acceptance of the work, or
  - b. Warranty work is needed – Provide contactor written notice of the distresses and locations needing corrective work.

**Condition Parameter Measurement:**

Performance parameters will be measured as described for each of the following distress types in mainline pavement areas:

1. **Transverse Cracking** - Total number of transverse cracks in a segment. Each individual crack must exceed 5 feet in length to be included in the total.
2. **Longitudinal Cracking** - Total linear feet of longitudinal cracks in a segment. Each individual crack must exceed 5 feet in length to be included in the total.
3. **De-bonding**- Total longitudinal length, in feet, of de-bonding in a segment. Potholes are to be classified as de-bonding. Measure individual de-bonding locations in the longitudinal direction, regardless of width of the distress location and sum these lengths for the segment.
4. **Raveling** - Total longitudinal length, in feet, of raveling in a segment. Measure individual raveling locations in the longitudinal direction, regardless of width of the distress location and sum these lengths for the segment.
5. **Flushing** - Total longitudinal length, in feet, of flushing in a segment. Measure individual flushing locations in the longitudinal direction, regardless of width of the distress location and sum these lengths for the segment.
6. **Rutting** - The average rut depth, in inches, in a segment. Each wheel path shall be evaluated separately. If rutting is found, the pavement surface will be measured beginning at the POB and every 132 feet

thereafter to determine average rut depth to quantify rutting for a particular segment. Rut measurements will be done using a straight rigid device that is a minimum of 7 feet long and of sufficient stiffness that it will not deflect from its own weight, or a wire under sufficient tension to prevent sag when extended 7 feet. Measurements will be taken by placing this "straightedge" across the pavement surface perpendicular to the direction of travel. The straightedge shall contact the surface on at least two bearing points with one located on either side of the rut. The straightedge is properly located when sliding the straightedge along its axis does not change the location of the contact points. Rut depth is then measured at the point of greatest perpendicular distance from the bottom of the straightedge to the pavement surface.

7. **Alligator Cracking** – Total area, in square feet, of alligator cracking in a segment. Measure individual alligator cracked areas and sum the areas for the segment.

### **Overview Inspection Procedure:**

1. Review any notes from previous inspections.
2. Perform a "windshield" survey of the entire location length. Based solely on visual examination and estimated measurements, approximate the individual distress quantities for questionable segment(s) of each distress type and record on the inspection form. Details which should be noted for the inspection include, but are not limited the following:
  - a. The lane or ramp where the distress was noted and the associated direction.
  - b. Approximate distress location (i.e. 1/4 mile north of the POB, or at the intersection of 1st St in SW quadrant, or near drive for house #123..)
  - c. The distress quantity, in general terms (i.e. minor amounts of longitudinal cracking; mid lane flushing).
  - d. Areas where temporary maintenance makes it difficult to determine the type of distress, (i.e. presence of cold patching material).
3. Estimate if any of the following distress threshold conditions are exceeded
  - a. Transverse Cracking exceeds 3 total in the segment length (3 cracks within 528 feet) for any 2 segments. All reflective cracking shall be ignored as these will not count against the allowable amount.
  - b. Longitudinal Cracking exceeds 25 percent of the segment length (132 feet within 528 feet) for any 2 segments. All reflective cracking shall be ignored as these will not count against the allowable amount.
  - c. Debonding exceeds 5 percent (5%) of the segment length (26 feet within 528 longitudinal feet) for any 1 segment..
  - d. Raveling exceeds 8 percent (8%) of the segment length (42 feet within 528 longitudinal feet) for any 1 segment.
  - e. Flushing exceeds 5 percent (5%) of the segment length (26 feet within 528 longitudinal feet) for any 1 segment.
  - f. Average rut depth exceeds 0.375 (3/8) inches for any 1 segment.

- g. Any amount of alligator cracking.
- 4. If **any** condition above is estimated to be true:
  - a. Perform Detailed Inspection; and
  - b. Provide a description of the magnitude and location(s) of the distress condition(s) observed which justify the Detailed Inspection.
- 5. If **all** conditions above are false,
  - a. Recommend work is acceptable.
  - b. If this is an interim or other non-final inspection, put notes in file.
  - c. If this is final inspection recommend final acceptance.

**Detailed Inspection Procedure:**

1. Determine the questionable segments suspected of exceeding threshold limits for each individual distress type based on the overview inspection notes.
2. Document the lane, direction and distance from POB, of each questionable segment identified in Step 1.
3. For each questionable segment, measure and record the amount of each individual distress type and record on the inspection form.
  - a. Transverse Cracking
  - b. Longitudinal Cracking
  - c. De-bonding
  - d. Raveling
  - e. Flushing
  - f. Rutting
  - g. Alligator Cracking
4. Determine if any of the threshold limits for transverse cracking, longitudinal cracking, de-bonding, raveling, flushing, or alligator cracking, listed under Overview Inspection, are exceeded.
5. Evaluate segments where the average rut depth appears to exceed 0.25 inches as follows.
  - a. Measure the average rutting at all questionable segments to verify that the threshold was exceeded.
6. Warranty work is required at those segments for which any of the threshold limits for transverse cracking, longitudinal cracking, de-bonding, raveling, flushing, rutting, or alligator cracking are exceeded. Provide the contractor with results of the inspection indicating segments where warranty work is required.

LOCAL AGENCY  
WARRANTY INSPECTION GUIDELINES  
HMA OVERLAY

**Warranty period:** 1 Year

**Inspection Period Begins:** Final - 10 months after Initial Acceptance  
(Local Agency may do additional inspections such as at 6 months after initial acceptance, after spring break up, etc.)

**Notes:**

1. Segments defined as 528 foot (1/10 mile).
2. Each lane will be evaluated separately.
3. The threshold level for each distress type is determined separately.

**Procedure:**

1. Perform **overview inspection**. Based on results of cursory inspection, recommend the project for either:
  - a. Acceptable – no corrective work needed. If this is the final inspection recommend acceptance of the work, or
  - b. Detailed inspection – more detailed inspection and / or measurements are needed
2. **Perform detailed inspection if required**. Based on the results of detailed inspection, either:
  - a. Acceptable – no corrective work needed. If this is the final inspection recommend acceptance of the work, or
  - b. Warranty work is needed – Provide contactor written notice of the distresses and locations needing corrective work.

**Condition Parameter Measurement:**

Performance parameters will be measured as described for each of the following distress types in mainline pavement areas:

1. **Transverse Cracking** - Total number of transverse cracks in a segment. Only count cracks that are not “reflective” from a prior crack or joint. Count all transverse cracks that cannot be positively identified as “reflective” or are questionable. Each individual crack must exceed 5 feet in length to be included in the total. Ignore transverse cracking for all single course overlays, or if the total thickness of multiple course overlays is 2” or less.
2. **Longitudinal Cracking** - Total linear feet of longitudinal cracks in a segment. Only count cracks that are *not* “reflective” from a prior crack or joint. Count all longitudinal cracks that cannot be positively identified as “reflective” or are questionable. Each individual crack must exceed 5 feet in length to be included in the total. Ignore transverse cracking for all single course overlays, or if the total thickness of multiple course overlays is 2” or less.
3. **De-bonding**- Total longitudinal length, in feet, of de-bonding in a segment. Potholes are to be classified as de-bonding. Measure individual de-bonding locations in the longitudinal direction, regardless of width of the distress location and sum these lengths for the segment.
4. **Raveling** - Total longitudinal length, in feet, of raveling in a segment. Measure individual raveling locations in the longitudinal direction, regardless of width of the distress location and sum these lengths for the segment.

5. **Flushing** - Total longitudinal length, in feet, of flushing in a segment. Measure individual flushing locations in the longitudinal direction, regardless of width of the distress location and sum these lengths for the segment.
6. **Rutting** - The average rut depth, in inches, in a segment. Each wheel path shall be evaluated separately. If rutting is found, the pavement surface will be measured beginning at the POB and every 132 feet thereafter to determine average rut depth to quantify rutting for a particular segment. Rut measurements will be done using a straight rigid device that is a minimum of 7 feet long and of sufficient stiffness that it will not deflect from its own weight, or a wire under sufficient tension to prevent sag when extended 7 feet. Measurements will be taken by placing this "straightedge" across the pavement surface perpendicular to the direction of travel. The straightedge shall contact the surface on at least two bearing points with one located on either side of the rut. The straightedge is properly located when sliding the straightedge along its axis does not change the location of the contact points. Rut depth is then measured at the point of greatest perpendicular distance from the bottom of the straightedge to the pavement surface.
7. **Alligator Cracking** – Total area, in square feet, of alligator cracking in a segment. Measure individual alligator cracked areas and sum the areas for the segment.

**Overview Inspection Procedure:**

1. Review any notes from previous inspections.
2. Perform a "windshield" survey of the entire location length. Based solely on visual examination and estimated measurements, approximate the individual distress quantities for the questionable segment(s) of each distress type and record on the inspection form. Details which should be noted for the inspection include, but are not limited the following:
  - a. The lane or ramp where the distress was noted and the associated direction.
  - b. Approximate distress location (i.e. 1/4 mile north of the POB, or at the intersection of 1st St in SW quadrant, or near drive for house #123..)
  - c. The distress quantity, in general terms (i.e. minor amounts of longitudinal cracking; mid lane flushing).
  - d. Areas where temporary maintenance makes it difficult to determine the type of distress, (i.e. presence of cold patching material).
3. Estimate if any of the following distress threshold conditions are exceeded
  - a. Transverse Cracking exceeds 3 total in the segment length (3 cracks within 528 feet) for any 3 segments. All reflective cracking shall be ignored as these will not count against the allowable amount.
  - b. Longitudinal Cracking exceeds 25 percent of the segment length (132 feet within 528 feet) for any 3 segments. Ignore all reflective cracking. All reflective cracking shall be ignored as these will not count against the allowable amount.

- c. Debonding exceeds 5 percent (5%) of the segment length (26 feet within 528 longitudinal feet) for any 1 segment.
  - d. Raveling exceeds 8 percent (8%) of the segment length (42 feet within 528 longitudinal feet) for any 1 segment.
  - e. Flushing exceeds 5 percent (5%) of the segment length (26 feet within 528 longitudinal feet) for any 1 segment.
  - f. Average rut depth exceeds 0.375 (3/8) inches for any 1 segment.
  - g. Any amount of alligator cracking.
4. If **any** condition above (in item 2) is estimated to be true:
- a. Perform Detailed Inspection; and
  - b. Provide a description of the magnitude and location(s) of the distress condition(s) observed which justify the Detailed Inspection.
5. If **all** conditions above are false,
- a. Recommend work is acceptable.
  - b. If this is an interim or other non-final inspection, put notes in file
  - c. If this is final inspection recommend final acceptance.

**Detailed Inspection Procedure:**

1. Determine the questionable segments suspected of exceeding threshold limits for each individual distress type based on the overview inspection notes.
2. Document the lane, direction and distance from POB, of each questionable segment identified in Step 1.
3. For each questionable segment, measure and record the amount of each individual distress type and record on the inspection form.
  - a. Transverse Cracking
  - b. Longitudinal Cracking
  - c. De-bonding
  - d. Raveling
  - e. Flushing
  - f. Rutting
  - g. Alligator Cracking
4. Determine if any of the threshold limits for transverse cracking, longitudinal cracking, de-bonding, raveling, flushing, or alligator cracking, listed under Overview Inspection, are exceeded.
5. Evaluate segments where the average rut depth appears to exceed 0.25 inches as follows.
  - a. Measure the average rutting at all questionable segments to verify that the threshold was exceeded.
6. Warranty work is required at those segments for which any of the threshold limits for transverse cracking, longitudinal cracking, de-bonding, raveling, flushing, rutting, or alligator cracking are exceeded. Provide the contractor with results of the inspection indicating segments where warranty work is required.



LOCAL AGENCY  
WARRANTY INSPECTION GUIDELINES  
NEW/RECONSTRUCTED JOINTED PLAIN CONCRETE PAVEMENT

**Warranty period:** 5 Years

**Inspection Period Begins:** Interim -30 months after Initial Acceptance  
Final - 56 months after initial Acceptance  
(Local Agency may do additional inspections)

- Notes:**
1. **Segment** - 528 feet in a specific driving lane. For inspection a segment begins at the point where the joint sealant failure or pavement distress begins to appear and extends for 528 feet from that point.
  2. **Slab** - The pavement outlined between consecutive transverse joints and longitudinal joints or a longitudinal joint and the outer pavement edge. Segments consist of one or more slabs.
  3. **Driving Lanes** - Each of the following is considered a Driving Lane.
    - a. Each individual mainline lane.
    - b. The sum of all ramp lanes and associated acceleration/deceleration lanes.
    - c. The sum of all auxiliary lanes, such as passing lanes and turn lanes.
  4. **Condition Parameters** - Each condition parameter has a threshold level applied to each segment and a maximum number of defective segments before corrective action is required. A segment is defective if the threshold level is exceeded.
  5. **Longitudinal Joint Designation** - All inspections relate to the driving lane as defined in the warranty special provision. For tallying joint sealant failure and pavement distress (spalling), consider the entire perimeter of the slab in all cases. The condition parameter of the full joint associated with the slab being evaluated is considered even though two adjacent slabs may share the same interior longitudinal joint.
  6. The contractor will not be required to take corrective measures as a result of the interim inspection unless the Engineer determines emergency repairs are needed for public safety. Any faults or distresses noted will be logged and verified with the final inspection.

**Procedure:**

For both **INTERIM & FINAL** inspections

1. **Perform overview inspection.** Based on results of overview inspection, recommend the project for either:
  - a. Acceptable – no corrective work needed. If this is the final inspection recommend acceptance of the work, or
  - b. Detailed inspection – more detailed inspection and / or measurements are needed
2. **Perform detailed inspection if required.** Based on the results of detailed inspection, either:
  - a. Acceptable – no corrective work needed. If this is the final inspection recommend acceptance of the work, or
  - b. Warranty work is needed – Provide contractor written notice of the distresses and locations needing corrective work.

### Overview Inspection Procedure:

1. Review any notes from previous inspections of the work.
2. Perform a "windshield" survey of the entire project length. Inspect all driving lanes. Based solely on visual examination and estimated measurements, approximate the individual distress quantities for the questionable segment(s) of each distress type and record on the inspection form. Details which should be noted for the inspection include, but are not limited to the following:
  - a. The lane or ramp where the distress was noted and the associated direction.
  - b. Approximate distress location (i.e. 1/4 mile north of the POB, or at the intersection of 1st St in SW quadrant, or near drive for house #123..)
  - c. Estimate the distress quantity. Also include a description of distress in general terms (i.e. minor amounts of longitudinal cracking; every joint has loss of sealant).
  - d. Areas where temporary maintenance makes it difficult to determine the type of distress, (i.e. presence of cold patching material).
3. If this is an **interim** or other non-final inspection, Put notes in file and STOP HERE.
4. If this is the final inspection, estimate if any of the following distress threshold conditions are exceeded
  - a. Transverse Cracking exceeds 2 total for any 1 segment. (2 cracks within 528 feet).
  - b. Longitudinal Cracking exceeds 5 percent (5%) of the segment length (26 feet within 528 feet) for any 1 segment.
  - c. Map Cracking exceeds 10 percent (10%) of the segment area (632 square feet within 528 longitudinal feet assuming 12 foot lane width) for any 1 segment.
  - d. Spalling exceeds 10 percent (10%) of each slab. Can be non-contiguous. Include all 4 sides of the slab.
  - e. Scaling exceeds 15 percent (15%) of the slab area.
  - f. Corner cracking exceeds 1 for any 1 segment.
  - g. Joint Sealant failure exceeds 10 percent (10%) total joint length in a segment. Include both longitudinal & transverse joints
  - h. Any shattered slabs.
5. If any condition above is true:
  - a. Perform Detailed Inspection; and
  - b. Provide a description of the magnitude and location(s) of the distress condition(s) observed which justify the Detailed Inspection.
6. If all conditions above are false and this is the final inspection, recommend Final Acceptance.

**Detailed Inspection Procedure:** This will be done at **FINAL** inspection when distresses are estimated to be at threshold levels, and at **INTERIM** inspections as directed by the engineer.

1. Determine the questionable segments suspected of exceeding threshold limits for each individual distress type based on the overview inspection notes.

2. Document the lane, direction and distance from POB, of each questionable segment identified in Step 1.
3. For each questionable segment, measure and record the amount of each individual distress type and record on the inspection form.
  - a. Transverse Cracking
  - b. Longitudinal Cracking
  - c. Map Cracking
  - d. Spalling
  - e. Flushing
  - f. Scaling
  - g. Joint sealant failure
  - h. Shattered slabs
4. Determine if any of the threshold limits for the various distresses are exceeded.
5. Warranty work is required at those segments for which any of the threshold limits are exceeded. Provide the contractor with results of the inspection indicating segments where warranty work is required.

# **APPENDIX C**

## **Inspection Forms**

### ***Under Development***

The inspections forms have not been developed to-date; the Task Force Education Committee is working with LTAP to create inspection forms compatible with the RoadSoft program to enable tracking the warranty inspection forms to the actual location along a road segment

INSPECTION FORM FOR HMA WARRANTY WORK

Inspected By: \_\_\_\_\_ Date: \_\_\_\_\_

Type of inspection:  Interim  Final  Special

Type of Construction:  New HMA Construction / Reconstruction  
 HMA over Ag. Base without other improvements  
 HMA Overlay

Condition Parameter	NEW CONSTRUCTION / RECONSTRUCTION		OVER AGGREGATE BASE WITHOUT BASE OR DRAINAGE IMPROVEMENTS		SINGLE COURSE & MULTIPLE COURSE OVERLAY (a)	
	Threshold Limits Per Segment (Segment Length = 528 feet = 1/10 mile)	Max. Defective Segments Per Driving Lane-Mile	Threshold Limits Per Segment (Segment Length = 528 feet = 1/10 mile)	Max. Defective Segments Per Driving Lane-Mile	Threshold Limits Per Segment (Segment Length = 528 feet = 1/10 mile)	Max. Defective Segments Per Driving Lane-Mile
Warranty period	5 years		3 years		1 year	
Transverse Cracking	3	1	3	2 (b)	3	3 (b)
Open Joints & Long. cracking	10% of Segment length	1	25% of Segment length	2 (b)	25% of Segment length	3 (b)
De-bonding	5% of Segment length	1	5% of Segment length	1	5% of Segment length	1
Raveling	8% of Segment length	1	8% of Segment length	1	8% of Segment length	1
Flushing	5% of Segment length	1	5% of Segment length	1	5% of Segment length	1
Rutting (c, d, e)	Ave. rut depth = 3/8 inch	1 (c)	Ave. rut depth = 3/8 inch	1 (c)	Ave. rut depth = 3/8 inch	1 (c,d)
Alligator cracking (f)	Any amount	0 (none allowed)	Any amount	0 (none allowed)	Any amount	0 (none allowed)

Distresses Found?  Yes (Describe below, attach additional sheets if needed)  No

Distresses Found: (Describe type, severity & location)

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Corrective action needed?  Yes  No  Needs further evaluation

Signed (INSPECTOR): \_\_\_\_\_

Checked by (ENGINEER): \_\_\_\_\_

**INSPECTION FORM FOR CONCRETE WARRRANTY WORK**

Inspected By: \_\_\_\_\_

Date: \_\_\_\_\_

Type of inspetion:  Interim  Final  Special

Type of Construction:  Plain Concrete  
 Reinforced Concrete

<b>Condition Parameter or Defect</b>	<b>Threshold Limits Per Segment (Length = 528 feet)</b>	<b>Max. Defective Segments Per Driving Lane-Mile (a)</b>
Transverse Crack	2	1
Longitudinal Crack	5% of segment length	1
Map Cracking	10% of segment area	1
Edge Spalling	10% each slab (b) < 2 slabs	1
Surface Scaling	15% of the slab area < 1 slab	1
Corner Cracking	1	1
Joint Sealant Failure	10% joint length (c) < 2 slabs	1
Shattered Slab	0 (d)	0

Distresses Found?  Yes (Describe below, attach aditonal sheets if needed)  No

Distresses Found: (Describe type, severity & location)

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Corrective action needed?  Yes  No  Needs further evaluation

Signed (INSPECTOR): \_\_\_\_\_

Checked by (ENGINEER): \_\_\_\_\_

# **APPENDIX D**

## **Model Pavement Warranty Contract and Bond Forms**

MICHIGAN  
LOCAL AGENCY  
SPECIAL PROVISION  
FOR  
**PASS-THROUGH WARRANTY BONDS**

LM

1 of 1

9/5/2017

**a. Description.** This special provision establishes the conditions under which and method for a contractor to assign responsibility for the warranty obligations and the providing of a warranty bond to a warranty contractor(s). Second tier subcontractor assignments are prohibited.

**b. Requirements.** Ensure the Warranty Contract(s) and warranty bond(s) are on forms provided by the Local Agency. Ensure the bonds meet the requirements of Michigan law and of the Local Agency and include other items such as the powers of Attorney and Endorsement as specified by the Local Agency.

**c. Method.** The assignment must be made to the warranty contractor(s) that will perform the work covered by the warranty. If for any reason after signing the Warranty Contract and providing the Warranty Bond, the warranty contractor does not perform the work, the warranty contractor will remain obligated for the warranty obligations and the warranty bond obligations will remain in effect unless the Local Agency consents in writing to substituting a different contractor to assume those warranty obligations and accepts a substitute warranty bond.

The assignment of warranty work must be designated with and at the time of electronic bid submittal. To become a warranty contractor responsible for the warranty obligations of the contract, and providing a warranty bond, the warranty contractor must complete and submit to the Local Agency a Warranty Contract and a Warranty Bond for each warranty it will be responsible for. Ensure the Warranty Contract is signed by an authorized signer of the warranty contractor, as identified in its prequalification application.

Submit the Warranty Contract and Warranty Bond to the Local Agency prior to award of the construction contract to the prime contractor for the work to which the warranty applies. Ensure the warranty contractor is prequalified in the work classification for the type of work to be warranted. The Warranty Bond must guarantee performance of all warranty obligations for the covered work, in accordance with the Warranty Contract. All provisions of the prime contract will be applicable to the warranty contractor in regard to the warranty work, except as otherwise expressly provided in the Warranty Contract.

Under no circumstances does the assignment of the warranty work and the execution of a Warranty Contract create any obligations to the Local Agency beyond the obligations undertaken in the prime contract. The purpose of the Local Agency accepting the assignment of warranty obligations is to allow a warranty contractor to stand in place of the prime contractor for purposes of the warranty work without increasing any obligation or liability that the Local Agency would have had if the prime contractor had not assigned the warranty work.

**d. Measurement and Payment.** This work will not be paid for separately, but will be included in costs for other pay items.



**<local agency name>**  
**LOCAL AGENCY**  
**PASS-THROUGH WARRANTY BOND**

Bond Number: \_\_\_\_\_

**KNOWN ALL MEN BY THESE PRESENTS**

That we, \_\_\_\_\_ (hereinafter called the "Principal" and \_\_\_\_\_ (hereinafter called "Surety") a corporation duly organized under the laws of the State of \_\_\_\_\_ and duly licensed to transact business in the State of Michigan, are held and firmly bound unto the <local agency name> (hereinafter called the "Obligee"), in the sum of \$ \_\_\_\_\_ dollars for the payment of which sum well and truly to be made, we, the said Principal and the said Surety, bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the said Principal has heretofore entered into a contract with the Obligee, under Contract ID \_\_\_\_\_ and;

WHEREAS, the said Principal is required to guarantee the:

installed under said contract, against defects in materials or workmanship which may develop during the period of \_\_\_ years beginning the date of the Acceptance Date of Warranted Work by the Obligee.

In no event shall losses paid under this bond aggregate more than the amount of the bond.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, that if said Principal shall faithfully carry out and perform the said guarantee, and shall, on due notice, repair and make good at its own expense any and all defects in materials or workmanship in the said work which may develop during the period specified above or shall pay over, make good and reimburse to the said Obligee all loss and damage which said Obligee may sustain by reason of failure or default of said Principal so to do, then this obligation shall be null and void; otherwise shall remain in full force and effect.

PROVIDED HOWEVER, that in the event of any default on the part of said Principal, a written statement of the particular facts showing such default and the date thereof shall be delivered to the Surety by registered mail, promptly in any event within ten (10) days after the Obligee or his representative shall learn of such default and that no claim, suit or action by reason of any default of the Principal shall be brought hereunder after the expiration of thirty (30) days from the end of the warranty period as herein set forth.

Signed by: \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

Contractor \_\_\_\_\_

By \_\_\_\_\_

Surety \_\_\_\_\_

By \_\_\_\_\_

**PASS THROUGH WARRANTY CONTRACT**

This contract ID number \_\_\_\_\_ is executed on the date signed below by the \_\_\_\_\_ of the <local agency name> between the Warranty Contractor, Prime Contractor and the Local Agency in conjunction with the execution of this contract ID number, \_\_\_\_\_ between the Local Agency and the Prime Contractor.

**(Warranty Contractor)**

**(Prime Contractor)**

The work included within this Warranty Contract is, described here:

The Warranty Contractor represents that it has entered into a subcontract with the Prime Contractor to perform Warranted Work for the project, but that any failure to have properly done so, or any breach or failure in the performance of that subcontract, shall not diminish or otherwise affect the obligations of the Warranty Contractor to the Local Agency under this warranty contract. Nor shall the obligations of the Warranty Contractor to the Local Agency under this warranty contract be diminished or affected if the Prime Contractor or some other person performs some or all of the Warranted Work or warranty obligations for the project, unless the Local Agency consents to, and executes, a written amendment to this warranty contract.

Insofar as they pertain to the warranty rights and obligations, the terms of the contract are hereby incorporated by reference into this warranty contract and, for purposes of this warranty contract, references in the contract to the contractor shall be deemed to refer to the Warranty Contractor.

The Warranty Contractor hereby agrees to fulfill and perform, without qualification or exception, all of the warranty obligations under the terms of the contract, as if they were the Prime Contractor. Until acceptance of the Warranted Work, the Prime Contractor will be responsible to the Department for ensuring completion of the Warranted Work and to the Local Agency for fulfilling the terms of the warranty for that work. Upon acceptance of the Warranted Work, the Warranty Contractor shall have full responsibility for the warranty obligations and the Prime Contractor will be relieved of further obligation for performing those warranty obligations.

The Warranty Contractor agrees that its obligations to the Local Agency under this warranty contract are the same as if the Warranty Contractor was the Prime Contractor; the Warranty Contractor can assert no rights, defenses or qualifications to the warranty obligations under the contract that would have been unavailable to the Prime Contractor, if the Prime Contractor had retained contractual responsibility for the warranty. The Warranty Contractor may assert the same rights under the terms of the warranty as could have been asserted by the Prime Contractor, if the Prime Contractor had retained contractual responsibility for the warranty.

This warranty contract may be executed prior to execution of the contract with the Prime Contractor, provided that if the Local Agency fails to execute the contract with the Prime Contractor this warranty contract shall be null and void.

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Typed name: \_\_\_\_\_

Local Agency: \_\_\_\_\_

Date: \_\_\_\_\_

# APPENDIX E

## Reporting Forms

### ***Under Development***

#### **Local Road Agencies Warranty Program Reporting**

We have partnered with the Transportation Asset Management Council to modify the Investment Reporting Tool to provide an open and transparent reporting method for each local transportation agency. The reporting fields will be enabled as soon as the Local Agency Pavement Warranty Program is approved by MDOT

We have also partnered with the Michigan Technological University - CTT to modify the Roadsoft Program to provide a common data entry method for each local road agency. The Roadsoft warranty data fields will be imported into the TAMC ITR module to provide a statewide presentation of the warranty projects that exceed the \$ 2,000,000 threshold.

# APPENDIX F

## Education and Training

### *Under Development*

#### Education of Local Road Agencies on Local Pavement Warranty Program

Since the passage of the 2015 Transportation Package, the CRA has been informing its members of the coming warranty requirement; the *Engineering Updates* provided by the CRA-MML Engineering Specialist have also described the imminent Local Pavement Warranty Program. The CRA provided updates about the Local Pavement Warranty Program at its nine regional Council meetings during fall-winter 2017-2018; at its County Engineers Workshop in February 2018; at its Highway Conference in March 2018, and at its Road Commissioners Conference in April 2018. The CRA is also developing this Guidance Document on Local Pavement Warranties to serve as the training manual for. The CRA has scheduled and dedicated a large portion of its annual 2017 Law Symposium to a session on Implementing the New Local Pavement Warranties on December 5, 2017; speakers include the legal counsel from the Road Commission for Oakland County and CRA-MML Engineering Specialist Steve Puuri. The CRA-MML Engineering Specialist Steve Puuri and two bond counsel representatives provided an update at the Michigan Concrete Association.

In addition, the Local Pavement Warranty Task Force has created an Education Committee that has been developing model agency adoption resolutions and training materials. The Task Force has partnered with the Local Technical Assistance Program to develop and conduct training program for decision makers and project staff. The Education Committee is poised to distribute adoption and training materials upon approval of the Local Agency Pavement Warranty Program by MDOT. Finally, the Task Force has developed this Guidance Document to assist local agency decision makers and project staff with implementing their Local Agency Pavement Warranty program.

N.B. #2  
C.C. 5/16/19

## ORDINANCE NO. 1205

### "AN ORDINANCE TO MAKE APPROPRIATIONS AND CORRESPONDING REVENUES FOR THE YEAR ENDED JUNE 30, 2020."

THE CITY OF ESCANABA ORDAINS:

The total number of mills of ad valorem property taxes to be levied for fiscal year 2019/2020 is 17.00.

#### CHAPTER I

Section 101. That there is hereby appropriated by the City of Escanaba to various departments and funds for specific purposes, the several amounts set forth in the following tabulation, to be expended in accordance with the budget as approved, except that the City Manager is hereby empowered to transfer appropriations between activities and objects of expenditures, subject to the limitation imposed by Chapter VIII, Section 8, of the City Charter. The appropriations and revenues set forth are for the fiscal year ending June 30, 2020.

#### GENERAL FUND

##### Revenues:

Taxes	\$5,430,300
Licenses and Permits	2,000
Intergovernmental	1,537,000
Charges for Services/Fines	298,250
Electric Utility Fund Contribution	765,790
Transfer from Land Development Fund	60,000
Transfer from DDA Fund	2,500
Transfer from Office Equipment Fund	39,200
Transfer from Sanitary Landfill Fund	235,000
Miscellaneous Revenues	209,300
Subtotal	\$8,579,340
Transfer from Fund Balance	\$88,292
Total General Fund Revenues	<u>\$8,667,632</u>

##### Expenditures:

City Council	\$32,800
City Manager	228,395
Elections	14,587
City Controller	325,238
Auditors	17,550
Assessors	245,227
Attorneys	76,700
City Clerk	175,605
Human Resources	141,458
Bd. of Review	2,350
City Treasurer	280,736
Billing	354,701
City Hall and Grounds	81,252
Civic Center	61,732
Community Promotional	5,975
Celebration Flags	2,591
Fourth of July	21,174
Public Safety	4,591,104
Community Preservation	88,252
Crossing Guards	26,000
Crosswalks	5,000
Planning Commission	48,206
Care of Trees and Shrubs	138,713
Sidewalks	11,825
Engineers	321,701
Street Lighting	167,000
Sanitary Landfill	230,000
Solid Waste Collection	426,913
Composting Activities	55,236
Snow Plowing for Garbage Collection	20,982
Community Services	21,148
Recreation	607,655
Parks	255,484
Band	40,910
Tourism Promotion	25,425
Boat Launches	12,842
Alley Maintenance	6,515
Transfer to Parking Maintenance Fund	18,000
Transfer to Library Fund	400,000
Transfer to Escanaba Building Authority Fund	149,000
Transfer to Grants Fund	0
Insurance/Bonds	5,200
Sub-total	<u>\$9,741,182</u>

Ordinance No 1205 – cont.

Less: Overhead to Utilities	1,073,550
Total General Fund Expenditures	<u>\$8,667,632</u>

**MAJOR STREET FUND**

Revenues:	
State Shared Revenues	\$1,200,000
State Grants	0
Interest Earnings	<u>30,000</u>
Sub-total	\$1,230,000
Transfer from Fund Balance	<u>366,458</u>
Total Major Street Fund Revenues	<u>\$1,596,458</u>
Expenditures:	
Operating Expenses	\$896,458
Street Construction	<u>700,000</u>
Total Major Street Fund Expenditures	<u>\$1,596,458</u>

**LOCAL STREET FUND**

Revenues:	
State Shared Revenues	\$410,000
Interest Earnings	14,000
Property Owner's Share of SA	5,400
Transfer from Major Street Fund	200,000
Transfer from Land Development Fund	<u>60,000</u>
Sub-total	\$689,400
Transfer from Fund Balance	<u>540,289</u>
Total Local Street Fund Revenues	<u>\$1,229,689</u>
Expenditures:	
Operating Expenses	\$444,689
Street Construction	<u>785,000</u>
Total Local Street Fund Expenditures	<u>\$1,229,689</u>

**LIBRARY FUND**

Revenues:	
State Funding	\$18,000
Penal Fines Allocation	115,000
Fines and Fees	17,000
Interest Earnings	1,200
Transfer from General Fund	<u>400,000</u>
Sub-Total	\$551,200
Transfer from Fund Balance	<u>57,245</u>
Total Library Fund Revenues	<u>\$608,445</u>
Expenditures:	
Operating Expenditures	<u>\$608,445</u>
Total Library Fund Expenditures	<u>\$608,445</u>

**BEZOLD TRUST FUND**

Revenues:	
Interest Earnings	\$4,500
Transfer from Fund Balance	<u>5,500</u>
Total Bezold Trust Fund Revenues	<u>\$10,000</u>
Expenditures:	
Qualifying Expenditures	<u>\$10,000</u>
Total Bezold Trust Fund Expenditures	<u>\$10,000</u>

**GAS RETIREMENT FUND**

Revenues:	
Interest Earnings	\$17,000
Sub-total	<u>\$17,000</u>
Transfer from Fund Balance	<u>33,000</u>
Total Gas Retirement Fund Revenues	<u>\$50,000</u>
Expenditures:	
Transfer to Grants Fund	\$50,000
Transfer to Local Street Fund	0
Total Gas Retirement Fund Expenditures	<u>\$50,000</u>

**SANITARY LANDFILL FUND**

Revenues:	
Revenue from Sales	\$220,000
Penalties on Collections	1,200
Interest Earnings	<u>1,000</u>

Ordinance No 1205 – cont.

Sub-total	\$222,200
Transfer from Fund Balance	<u>12,950</u>
Total Sanitary Landfill Fund Revenues	<u>\$235,150</u>

Expenditures:

Transfer to General Fund	\$235,000
Administrative Expense	150
City Wide Clean-Up	<u>0</u>
Total Sanitary Landfill Fund Expenditures	<u>\$235,150</u>

**DOWNTOWN DEVELOPMENT AUTHORITY (DDA) FUND**

Revenues:

TIF Tax Collections	\$275,000
State Reimbursement of Lost PPT	20,000
Interest Earnings	4,000
Miscellaneous Income	<u>5,000</u>
Sub-Total	\$304,000
Transfer from Fund Balance	<u>0</u>
Total DDA Fund Revenues	<u>\$304,000</u>

Expenditures:

Operating Expenditures	\$237,718
Transfer to General Fund	<u>2,500</u>
Total DDA Fund Expenditures	<u>\$240,218</u>

**HOUSING REHABILITATION FUND**

Revenues:

Interest Earnings	<u>\$4,000</u>
Total Housing Rehabilitation Fund Revenues	<u>\$4,000</u>

Expenditures:

Administrative Expense	<u>\$450</u>
Total Housing Rehabilitation Fund Expenditures	<u>\$450</u>

**DELTA COUNTY CENTRAL DISPATCH AUTHORITY (DCCDA) FUND**

Revenues:

DC Central Dispatch Authority Contract	<u>\$858,801</u>
Total DCCDA Fund Revenues	<u>\$858,801</u>

Expenditures:

Dispatching Operations	<u>\$858,801</u>
Total DCCDA Fund Expenditures	<u>\$858,801</u>

**LAND DEVELOPMENT FUND**

Revenues:

Property Owner's Share of Special Assessments	\$7,400
Interest Earnings	27,500
Sub-Total	<u>\$34,900</u>
Transfer from Fund Balance	<u>82,100</u>
Total Land Development Fund Revenues	<u>\$117,000</u>

Expenditures:

Property Improvements	\$11,500
Administrative Costs	1,000
Professional Services	10,000
Property Taxes	5,000
Transfer to General Fund	60,000
Transfer to Local Street Fund	<u>29,500</u>
Total Land Development Fund Expenditures	<u>\$117,000</u>

**PARKING MAINTENANCE FUND**

Revenues:

D.D.A. Fund Contractual	\$18,000
Transfer from General Fund	20,000
Total Parking Maintenance Fund Revenues	<u>\$38,000</u>

Expenditures:

D.D.A. Lot Expenditures	\$18,000
City Lot Expenditures	<u>20,000</u>
Total Parking Maintenance Fund Expenditures	<u>\$38,000</u>

**E.D.A. REVOLVING LOAN FUND**

Revenues:

Interest Earnings	<u>\$4,500</u>
Total E.D.A.R.L.F. Revenues	<u>\$4,500</u>

Ordinance No 1205 – cont.

Expenditures:	
Administrative Costs	<u>\$3,000</u>
Total E.D.A.R.L.F. Expenditures	<u>\$3,000</u>

**M.S.C REVOLVING LOAN FUND**

Revenues:	
Interest Earnings	<u>\$2,500</u>
Total M.S.C.R.L.F. Revenues	<u>\$2,500</u>

Expenditures:	
Administrative Costs	<u>\$500</u>
Total M.S.C.R.L.F. Expenditures	<u>\$500</u>

**U.D.A.G. REVOLVING LOAN FUND**

Revenues:	
Interest Earnings	<u>\$40,000</u>
Total U.D.A.G.R.L.F. Revenues	<u>\$40,000</u>

Expenditures:	
Administrative Costs	<u>\$1,650</u>
Total U.D.A.G.R.L.F. Expenditures	<u>\$1,650</u>

**FARMERS HOME GRANT FUND**

Revenues:	
Interest Earnings	<u>\$600</u>
Total Farmers Home Grant Fund Revenues	<u>\$600</u>

Expenditures:	
Administrative Costs	<u>\$100</u>
Total Farmers Home Grant Fund Expenditures	<u>\$100</u>

**DRUG LAW ENFORCEMENT FUND**

Revenues:	
Local Forfeiture Proceeds	\$2,000
Interest Earnings	500
Total Drug Law Enforcement Fund Revenues	<u>\$2,500</u>

Expenditures:	
City Expenditures	<u>\$2,000</u>
Total Drug Law Enforcement Fund Expenditures	<u>\$2,000</u>

**BROWNFIELD REDEVELOPMENT FUND**

Revenues:	
TIF Tax Collections	\$42,000
Interest Earnings	500
Total Brownfield Redevelopment Fund Revenues	<u>\$42,500</u>

Expenditures:	
Developer Reimbursements	<u>\$42,000</u>
Total Brownfield Redevelopment Fund Expenditures	<u>\$42,000</u>

The following is provided for informational purposes only, as provided by Michigan P.A. 2 of 1968

**ELECTRIC UTILITY FUND**

Revenues:	
Revenue from Sales	\$13,611,985
Rents	40,000
Miscellaneous	80,000
Interest Earnings	200,000
Total Electric Fund Revenues	<u>\$13,931,985</u>

Expenses:	
Operating Expenses	\$13,336,015
Depreciation	715,000
Overhead to General Fund	648,834
Contribution to General Fund	765,790
Total Electric Fund Expenses	<u>\$15,465,639</u>

**WATER UTILITY FUND**

Revenues:	
Revenue from Sales	\$3,413,300
Federal Subsidy-Capital Improvement Bond Interest	53,500



Ordinance No 1205 – cont.

Miscellaneous	63,000
Interest Earnings	10,000
Total Water Fund Revenues	<u>\$3,539,800</u>

Expenses:

Operating Expenses	\$2,019,501
Depreciation	437,000
Overhead to General Fund	218,645
Bond Interest Expense	189,120
Total Water Fund Expenses	<u>\$2,864,266</u>

**WASTEWATER UTILITY FUND**

Revenues:

Revenue from Sales	\$2,009,000
Miscellaneous	13,300
Interest Earnings	40,000
Total Wastewater Fund Revenues	<u>\$2,062,300</u>

Expenses:

Operating Expenses	\$1,277,519
Depreciation	358,000
Overhead to General Fund	206,859
Bond Interest Expense	0
Total Wastewater Fund Expenses	<u>\$1,842,378</u>

**ESCANABA BUILDING AUTHORITY FUND**

Revenues:

Lease Payments-Transfer from General Fund	\$149,000
Rent Income-City Hall/Library	133,248
Interest Earnings	5,000
Total Escanaba Building Authority Fund Revenues	<u>\$287,248</u>

Expenses:

Operating Expenses	\$160,715
Interest Expense	17,725
Depreciation Expense	148,550
Total Escanaba Building Authority Fund Expenses	<u>\$326,990</u>

**MARINA FUND**

Revenues:

Fees and Concessions	\$234,650
Interest Earnings	1,500
Total Marina Fund Revenues	<u>\$236,150</u>

Expenses:

Operating Expenses	\$187,077
Interest Expense	6,550
Depreciation	68,400
Total Marina Fund Expenses	<u>\$262,027</u>

APPROVED:

\_\_\_\_\_  
Ralph B. K. Peterson  
City Attorney

Date Approved: (Month) (Date), 2019  
Date Published: (Month) (Date), 2019

APPROVED:

\_\_\_\_\_  
Marc D. Tall  
Mayor

ATTEST:

\_\_\_\_\_  
Phil DeMay  
City Clerk

I hereby certify that the foregoing constitutes a true and complete copy of an Ordinance duly adopted by the City Council of the City of Escanaba, County of Delta, Michigan, at a Special Meeting held on the (Date) day of (Month), 2019, and was published in the Daily Press, a newspaper of general circulation in the City of Escanaba on (Month) (Date), 2019, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

\_\_\_\_\_  
Phil DeMay  
City Clerk

N.B. - #3  
C.C. 5/16/19

**ORDINANCE NO. 1206**

**AN ORDINANCE TO LEVY SUCH TAXES AS MAY BE NECESSARY TO MEET APPROPRIATIONS MADE AND ALL SUMS REQUIRED BY LAW TO BE RAISED TO DEFRAY THE DEBTS, EXPENDITURES, AND LIABILITIES OF SAID CITY FOR THE FISCAL YEAR ENDING ON THE 30TH DAY OF JUNE, 2020, AND REQUIRING AN AUTHORIZED LEVY ON THE JULY, 2019, CITY TAX ROLL OF RETURNED UNPAID SPECIAL ASSESSMENTS, TOGETHER WITH SUCH PENALTIES THEREON AS IS PROVIDED BY THE CITY CHARTER.**

**THE CITY OF ESCANABA ORDAINS:**

**CHAPTER I**

**Section 101.** That there shall be raised by levying 17.000 mills upon all of the ad valorem taxable property in the City of Escanaba at the next general City or July, 2018, tax levy, the sum of Five Million, One Hundred Forty Two Thousand Sixty One Dollars (\$5,458,764) for the purpose of defraying debts, expenditures, and liabilities of said City of Escanaba for the fiscal year ending on the 30<sup>th</sup> day of June, 2020, in accordance with the 2019 - 2020 Budget of said City as submitted by the Manager, as amended by the Council, and approved.

**Section 102.** That said sum of Five Million, Four Hundred Fifty-Eight Thousand Seven Hundred Sixty-Four Dollars (\$5,458,764) for the payment of all of the foregoing debts, expenditures, and liabilities herein before mentioned be appropriated for the several funds of the City of Escanaba for the fiscal year ending June 30, 2020, and that the same be forthwith certified by the Clerk of said City of Escanaba to the City Assessor of said City, and the same shall be levied and collected upon the taxable valuation of all taxable property within the said City of Escanaba in accordance with the provisions of the City Charter and the laws of the State of Michigan, for the levying and collection of taxes.

**Section 103.** That the Clerk of the City shall report on June 21, 2019, to the City Assessor the amounts of all the several delinquent special tax assessments becoming due prior to January 1, 2019, and returned unpaid by the City Treasurer on said date of June 21, 2019, for all public improvements hereto before levied upon each, together with the name of the owner or occupant against whom such assessment was made, as contained in the special roll prepared therefore, and on file in the Office of the City Treasurer, and the City Assessor is hereby authorized and directed to levy and spread said sums so assessed, together with the penalties fixed by law, in the July, 2019, tax levy against persons and property charged therewith in such special assessment roll in accordance with the provisions of the City Charter of the City of Escanaba.

**CHAPTER II**

**Section 201.** If any section, subsection, sentence, clause, or phrase of this ordinance is, for any reason held to be unconstitutional, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have passed this ordinance irrespective of the fact that any one or more sections, subsections, sentences, clauses, and phrases thereof be declared unconstitutional.

**Section 202.** This ordinance shall be duly published as required by the Charter and shall be in full force and effect ten (10) days after the date of its publication.

APPROVED:

APPROVED:

\_\_\_\_\_  
Ralph B. K. Peterson  
City Attorney

\_\_\_\_\_  
Marc D. Tall  
Mayor

Date Approved: (Month) (Date), 2019  
Date Published: (Month) (Date), 2019

ATTEST:

\_\_\_\_\_  
Phil DeMay  
City Clerk

I hereby certify that the foregoing constitutes a true and complete copy of an Ordinance duly adopted by the City Council of the City of Escanaba, County of Delta, Michigan, at a Special Meeting held on the (Date) day of (Month), 2019, and was published in the Daily Press, a newspaper of general circulation in the City of Escanaba on (Month) (Date), 2019, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

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Phil DeMay  
City Clerk

N.B. - #4  
C.C. 5/16/19

ORDINANCE NO. 1207  
ELECTRIC RATES

AN ORDINANCE FIXING THE RATES TO BE CHARGED BY THE CITY OF ESCANABA FOR ELECTRIC ENERGY DEMAND AND AVAILABILITY OF SERVICE, TO BE IN FULL FORCE AND EFFECT ON THE BILLINGS PROCESSED AFTER JUNE 30, 2019 , AND ALL BILLINGS THEREAFTER UNTIL FURTHER AMENDED BY THE COUNCIL.

THE CITY OF ESCANABA ORDAINS:

CHAPTER I  
RATES

Section 50.01. General Purpose - Rate Classification:

(A) Residential Energy Rate:

Applicable: To residential customers for all purposes except those otherwise specially rated.

\$.09630 net per KWH used per meter per month

(B) Commercial Energy Rate:

Applicable: To commercial customers for all purposes except those otherwise specially rated.

\$.09010 net per KWH used per meter per month

(C) Water Heating Energy Rate:

Applicable: To any customer for separately metered controlled water heating, subject to such wiring rules and regulations as are established by the utility.

\$.09200 net per KWH used per meter per month.

(D) Electric Heat Rate:

Applicable: To all customers for such service when separately metered upon application and approval of permanently installed equipment; subject to such rules and regulations as are established by the utility. When air conditioning is installed in an electrically heated area, it may be connected to the same meter for space conditioning purposes.

\$.09500 net per KWH per meter per month.

Upon application, the total annual charge for this energy may be paid in the following manner:

The estimated annual cost shall be divided into twelve (12) equal payments. Starting in July of each year, these payments shall become due and payable on the date indicated on the monthly bill. The payment for June of each year shall include an adjustment to correct the estimated annual cost to the actual annual cost. A three percent (3%) penalty charge will be made on all payments delinquent after date indicated on the bill.

(E) Special Municipal Energy Rates:

Applicable: For all use by Lake State Industries, Escanaba Public Schools, Parochial Schools, Bay de Noc College, and the City of Escanaba. If a customer who qualifies for this rate class also qualifies for the large power rate, they will fall under the same criteria found in section 50.06 (Large Power Rates).

\$0.12000 net per KWH for City street lighting.

\$0.09400 net per kWh used per meter per month.

- (F) Temporary Service-Single Phase 120 or 240 volt: Temporary service will be supplied to a customer upon written application and advance payment of \$105.00. Equipment for such installation will be supplied by the City in consideration of this charge. Other temporary services will be supplied on a private, work order basis.

Energy used for such installations will be metered and billed under the commercial rate schedule. The City reserves the right to determine the necessity for the type of installation and duration of temporary service.

In no event will said temporary service be allowed to remain after such time as it is practical to install permanent service. The City reserves the right to terminate said temporary service when, in their judgment, any provision herein is violated.

- (G) Multiple Use: In the event that a single customer uses energy for more than one of the above uses with a different rate for each, the higher rate will be charged unless the wiring is separated for metering purposes to the satisfaction of the City.

#### Section 50.02. Availability of Service Charge

- (A) To be added to the monthly billings for energy in Section 50.01. The following availability of service charge which will also constitute a minimum billing if no energy is utilized. This charge will be computed as follows:

#### RESIDENTIAL

City: Intra-City \$14.95 per meter per month.

Suburban: Out-City \$18.25 per meter per month.

#### WATER HEATING

City: Intra-City, \$4.00 per meter per month.

Suburban: Out-City, \$5.25 per meter per month.

#### ELECTRIC HEAT

City: Intra-City, \$5.50 per meter per month.

Suburban: Out-City, \$6.75 per meter per month.

#### SMALL COMMERCIAL

City: Intra-City \$15.50 per meter per month for a single phase meter, \$37.00 per meter per month for a three phase service.

Suburban: Out-City \$20.50 per meter per month for a single phase service, \$38.00 per meter per month for a three phase service.

#### MUNICIPAL

\$18.50 per meter per month for a single phase service, \$37.00 per month for a three phase service.

#### LARGE POWER

\$125.00 per meter per month.

Section 50.022. State of Michigan P.A. 295, of Public Acts 2008, commonly referred to as the Clean, Renewable and Efficient Energy Act mandates the electric utility collect the following charges from each electric utility customer:

(A) Energy Optimization Plan.

- Residential \$0.00237/kWh
- Commercial \$0.00194/kWh
- Large Power \$0.00174/kWh

(B) Renewable Energy Plan.

- Residential \$0.00/mo
- Commercial \$0.00/mo
- Large Power \$0.00/mo
- Streetlight \$0.00/mo
- Unmetered \$0.00/mo

Section 50.025. Meter Charges:

(A) A customer who installs a new electric service or upgrades an existing service that requires new transformer metering must pay a meter charge prior to receipt of services. Meter charges and specifications shall be established by the City Electric Superintendent and shall be adjusted as the cost of labor and material change. Customers are not permitted to remove meters at the end of their service contract.

Section 50.03. Special Standby Service Rates:

(A) A standby or breakdown 60 cycle A. C. electric service will be furnished under this classification to any customer qualifying for the large power rate who desires to self-produce all or part of the energy used in his operation.

The City will install transformers, meters, and service connections at the customer's expense to deliver energy to the customer during periods when his generating equipment is wholly or partially out of use at the following rates and conditions.

(B) Transformer KVA capacity, as used in these rates, shall be the sizes of the nearest standard rated transformers that will serve the customer's greatest use of electric energy, measured over a 15-minute period and called the yearly kilowatt peak demand for standby rate purposes.

Section 50.04. Standby Equipment Rate.

(A) The charge for equipment installed for standby or breakdown service and not used shall be \$3.00 per month for each KVA of transformer capacity determined by subtracting the monthly measured kilowatt peak demand of the partial energy used in any month from the KVA capacity as determined in Section 50.03 (B).

All energy supplied to the customer shall be charged at the regular rates applicable to the service rendered.

(B) The minimum charge shall be the demand charge created by his use, if such use is applicable to the large power rate, plus a kilowatt hour charge determined by multiplying the month peak demand by 200 hours, the result being kilowatt hours at the regular rate.

- (C) The customer must agree to isolate the self-produced energy from the City's electrical distribution system. Change-over to City distribution energy shall be accomplished through City approved double-throw switches furnished by the customer. The Electrical Department shall have the authority and access to inspect and seal or padlock the double-throw switch or switches to insure correct operation of the same.
- (D) Where the City has previously installed transformers, meters, and service connections, and where said equipment is not used, the charge for such equipment installed for standby or breakdown service shall be \$2.67 per month for each KVA of transformer capacity determined by subtracting the monthly measured kilowatt peak demand of the partial energy used in any month from the KVA capacity as determined in Section 50.03 (B) of this ordinance.

Section 50.05. Dusk to Dawn Rate:

- (A) Applicable: It is understood that the service request will be for a period of not less than one (1) year, and that said service will be installed only on existing utility facilities. If a new pole is required, the customer will furnish the pole, and the City will install the pole. The monthly charges for dusk to dawn lighting service will be:

Urban or Rural

\$12.00 per small lamp

\$ 18.00 per large lamp

(B) Use and Reservations

The City will provide the necessary fixtures and apparatus and will replace lamps and keep this fixture properly maintained. The City does, however, reserve the right to discontinue service to any location which shows an excessive amount of damage resulting from vandalism or neglect.

Section 50.06. Large Power Rates:

- Applicable: To any customer desiring power and incidental lighting service for large power use who has a monthly demand of 100 KW or more, for at least six (6) months out of any rolling twelve (12) month period. Services meeting those conditions will be billed under the Large Power Rate. The nature of such service is alternating current, 60 Hertz, three-phase 208, 240 or 480 volts, and is metered on the primary side of the transformer. The City reserves the right to meter power on the secondary side of the transformer and in doing so will add two percent (2%) to the total energy and demand so used. For the purposes of computing rates under this section, each individual meter will be calculated separately, and under no circumstances will meter readings be combined.

\$ .05950 net per KWH for all KWH used per meter per month

Plus Demand Charges of:

\$10.00 net per KW used per meter per month

Monthly maximum KW demand measured over an interval of fifteen (15) minutes.

Section 50.08. Connection Charge:

For every new meter set at the customer's request, there shall be a charge of \$10. Any customers who receive shut-off notices which are not paid by the due date and require final notification will be billed a \$10.00 notification fee. Reconnections for non-pay which do not require the Electric

Department service truck and a two-man service crew, will be \$30. Reconnections for non-pay which do require the Electric Department service truck and a two-man service crew, will be \$108.86 per hour for each hour the truck and crew are required.

This charge shall not apply when meters are reset for rotation, for meters reset for high bill complaints unless said meters are found to be accurate within two percent (2%) of registration, and for meters reset for the convenience of the City (landlords, lessors, etc.).

The maximum charge for reconnections or transfers for multiple metering such as domestic use, house heating, water heating, or commercial use, shall be \$10.

Section 50.09.        Reconnection Charge:

The reconnection charge for seasonal service requested by any customer, such as summer cottages, seasonal businesses, or seasonal industries, shall be \$15 if the meter is reconnected at the same premises by the same user within one (1) year of disconnection.

The maximum charge per service for multiple metering, such as domestic service, house heating, water heating or commercial, shall be \$15. Non-pay reconnections outside of normal business hours, which require a service truck and crew, shall be billed at \$297. Non-pay reconnects outside of normal business hours, which require one person, shall be billed at \$120.

Section 50.10.        Service Extensions

For all new services, the customer, his agent, representative, contractor or developer shall pay for all materials including wire, conduit, meters, etc required to install such service in compliance with all applicable codes. Said materials will be charged at actual cost. The property owner at the time of the request shall bear responsibility for all such charges.

Underground services or line extensions will only be done between May 1<sup>st</sup> and November 1<sup>st</sup>. If a customer desires services or line extensions outside of this time frame, the customer will be responsible for providing a trench for such services or line extensions.

Section 50.11.        Special Services

In the event that a customer requires special services from the department, i.e. temporary relocation or metering or other components of a service, the standard charge shall be \$108.86. Whenever the actual cost of such services exceeds \$108.86, the City reserves the right to charge the actual cost.

CHAPTER II  
**CONDITIONS OF SERVICE**

Section 50.20.        Late Payment Penalty:

Meters of all customers shall be read or estimated monthly and a three percent (3%) penalty charge will be made on all bills unpaid after the date indicated on bill. The penalty charge will be computed as of date of payment and will be computed on the amount of payment applied to the delinquent balance. The penalty charges may be waived at the discretion of the City for good reason, when the interest of the City would be best served by waiving said penalty, or if the customer proves that extraordinary circumstances intervened to prevent payment of the bill on the due date; in all cases, it will be the exclusive right of the City to



determine the facts and judge the validity of the request to waive penalty payments.

Section 50.21.      Enforcement:

In addition to all other lawful enforcement methods, the City agrees and covenants to enforce all charges for electric energy supplied to any premises, if any such charges shall remain unpaid past the due date.

(A) Utility Liens

Charges for electric services applied by the system shall constitute a lien on the premises served and if not paid within six (6) months, shall be certified by the official in charge of the collection thereof to the tax assessing officer and shall then be entered upon the next tax roll as a charge against such premises and shall be collected and the lien thereof enforced in the same manner as general City taxes against such premises are collected and the lien thereof enforced. All provisions of the laws of Michigan and the City Charter applicable to the time and manner of certification and collection of delinquent City taxes levied against real estate in the City shall be observed in the certification and collection of such charges.

(B) Landlord Not Responsible

In all cases where a tenant is responsible for the payment of any such charge and the Utility Billing Office is so notified in writing, which notification shall include a true copy of the lease of the affected premises, if there be one, then no such charge shall become a lien against such premises from and after the date of such notice. In the event of the filing of such notice and after the date of such notice, the City shall render no further service to such premises until a cash deposit in an amount of the projected billing for not less than a one-month period and not more than a three-month period is received, said determination of deposit to be solely at the discretion of the City.

Section 50.22.      Restrictions:

(A) Power Factor:

The City shall not be obligated to furnish service to a customer using equipment having a power factor lower than eighty-five percent (85%), which equipment can be improved by reasonable changes to a minimum of eighty-five percent (85%) lagging. Improvement of the power factor shall be at the customer's expense. The City reserves the right to measure power factor at any time by means of test or permanently installed metering equipment, and if the customer's power factor is found to be less than eighty-five percent (85%) lagging, the billing demand will be increased by the ratio that eighty-five percent (85%) bears to the customer's actual power factor.

(B) Discontinuation of Service:

The City may discontinue service following written notice in case the meter or wiring on the customer's premises is tampered with in any manner to allow unmetered current to be used. The customer shall pay the City the estimated cost of the unmetered energy used as determined by the City, and shall, at his own expense, place the wiring in such condition and meter box in such place as is approved by the City. The unauthorized connection to a utility power source or the bypassing of an electric meter will be construed as a theft of electricity and will be appropriately prosecuted. The City may also discontinue service when an account remains unpaid past the due date. The customer shall pay the full amount of arrears, plus a reconnect fee in order to restore service.

Customers or Electrical Contractors shall not cut a meter seal to perform work without calling Escanaba Electric Department prior to beginning such work. Meter seals shall not be cut without prior approval except in the case of danger to life or property. In any case, permission will be given only to qualified persons to cut meter seals. Anyone not adhering to the meter seal-cutting paragraph in this ordinance shall be subject to a \$150.00 seal-cutting fee.

(C) Meter Location:

All meters must be located in such manner as to provide safe, reasonable access by City personnel for reading, inspection and maintenance, without the need for advance notice during regular City business hours. Conditions which can prevent access by City personnel include, but are not limited to, dogs, fences, locked gates, shrubbery, ice, snow, vehicles and debris in the way of the meter. Any customer who refuses to remedy a condition which prevents access shall have his or her services disconnected until said condition is corrected to the satisfaction of the utility.

New services: The meter must be located on the side of the house that the service will be fed from, or on one of the adjoining sides. The meter must not be located inside of a fenced area. All new residential underground services must have a meter pedestal. Meter bases for underground services will not be allowed. All new residential overhead services must have a rigid steel mast with an attachment point high enough to provide necessary clearance for the utility's wires.

(D) Safety and Code Compliance:

All wiring and electrical equipment must be installed, maintained, and operated in a safe manner so that it is not a hazard to life, health, or property. Wiring must be done in accordance with the latest edition of the National Electric Code and the rules and regulations of the City Electric Utility.

(E) Owner Delinquency

If a property owner has an account in his or her name and said account is delinquent or in arrears, then any transfers or name changes shall be prohibited until such time as the owner's account is brought current and is otherwise in good standing. This provision shall also apply to accounts held in the name of an owner's agent or property manager.

Section 50.23. Experience - Good Faith Deposit Requirement:

(A) Deposit Terms

If a customer of the City of Escanaba, whether he be a tenant, owner, or an owner by land contract, has a history of delinquent payments, or if the City has no history of customer's payments, or if owner or tenant customer service is located outside the corporate limits of the City of Escanaba, or if, in the judgment of the City, the existing deposit is insufficient based on current billings, the City may require a sum not to exceed the projected billing in an average four-month period as a good faith deposit. Projected billing for water sewer and electricity are combined for purposes of determining a customer's total deposit requirement. In no case will a customer's total deposit requirement be less than two hundred dollars (\$200). The minimum deposit will not be discounted for customers who do not have water service. This deposit will be held for twelve (12) consecutive months of payments without delinquency.

Deposits for commercial accounts will be estimated on an individual basis. Commercial accounts will pay a deposit of an estimate of four (4) months'

utility bills based on the estimated usage for the type of business.

(B) Deposit Interest

Interest will be paid on deposits at the rate of 1.0% per annum effective July 1, 2019. The deposit rate is based on the market rate the City receives on its deposit accounts on that date.

(C) Escrow and Letter of Credit

If a deposit of over \$500 is demanded from a commercial or large power customer, this deposit may be held in a special escrow account at the bank of the customer's choice, and interest will accrue to the benefit of the customer. Alternately, said customer may furnish an irrevocable bank letter of credit in lieu of a cash deposit.

Section 50.24. Qualification for Rate:

A customer, once placed in a rate classification, will remain in this rate classification unless, in the City's opinion, another rate classification becomes more appropriate. Customers desiring to change from one classification to another must notify the City in writing. It shall not be the City's responsibility to determine the most economical rate classification unless and until said written notice is received. In the event a change in rate classification results in reduced charges, there will be no retroactive adjustments beyond afore-referenced date of application.

In placing a customer in a rate classification, it is understood that such rate classification will remain in effect for said customer until, in the City's judgment, the rate classification is not applicable. Short duration transfers between rate classifications by customers will not be permitted. The City reserves the right of final determination as to when and whom a rate classification may be assigned or changed.

New classifications may be authorized by the City Manager if, in the opinion of the City, these new classifications provide a benefit to both the City and its customers. Customers will be placed in these classifications only at the request of the customer. These classifications will cease to exist at such time as a new rate ordinance is adopted, unless they are specifically included as a permanent rate classification under Section 50.01 and 50.02.

Section 50.25. Non-Sufficient Funds Charges (NSF)

Whenever a customer presents a check or draft instrument for which funds are not immediately available upon presentation for deposit at the City's bank, a charge of \$40 will be placed upon the account for which payment was intended. The NSF charge shall also apply to agreements for ACH account debits.

Section 50.27. Billing Recapture and Customer Credits

Whenever it becomes necessary for the billing department to recapture unbilled charges, the billing department shall use a "look-back" of two years. If it is determined that unbilled charges are the result of customer fraud, the billing department shall recover all unbilled charges.

If a billing error on the part of the City results in over-billed charges, the City will refund all such over-billings, to the extent that the amount can be reasonably determined.

If an over-billing is not the result of a City error, the billing department shall employ a two year look-back period in determining the amount of credit.

CHAPTER III

Section 50.30.      Liability:

In case the supply of electricity shall be interrupted or fail, the City shall not be liable for damages by reason of such failure.

CHAPTER IV

Section 50.40.      Other Ordinances:

All rules, regulations, and provisions which have heretofore been enacted by ordinance or otherwise, shall continue to be in full force and effect until modified or amended.

CHAPTER V

Section 50.50.      Savings Clause:

If any section, subsection, sentence, clause, or phrase of this ordinance, is, for any reason, held to be unconstitutional, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have passed this ordinance and each section, subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses and phrases be declared unconstitutional.

CHAPTER VI

Section 50.60.      Effective Date:

In compliance with Section 4 of Chapter XVI of the City Charter, this ordinance shall be in full force and effect on bills for electric energy processed beginning July 1, 2019.

APPROVED:

APPROVED:

\_\_\_\_\_  
Ralph B. K. Peterson  
City Attorney

\_\_\_\_\_  
Marc D. Tall  
Mayor

Date Approved: (Month) (Day), 2019  
Date Published: (Month) (Day), 2019

Attest:

\_\_\_\_\_  
Phil DeMay  
City Clerk

I hereby certify that the foregoing constitutes a true and complete copy of an Ordinance duly adopted by the City Council of the City of Escanaba, County of Delta, Michigan, at a Special Meeting held on (Day) (Month) (Date), 2019, and was published in the Daily Press, a newspaper of general circulation in the City of Escanaba on (Month) (Date), 2019, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

\_\_\_\_\_  
Phil DeMay  
City Clerk

N.B. - #5  
C.C. 5/16/19

**ORDINANCE NO. 1208  
WASTEWATER RATES**

AN ORDINANCE FIXING THE CHARGES TO BE ASSESSED BY THE CITY OF ESCANABA FOR WASTEWATER COLLECTION AND TREATMENT AND THE AVAILABILITY OF SERVICE TO BE IN FULL FORCE AND EFFECT ON THE BILLINGS PROCESSED AFTER JUNE 30, 2019 , AND ALL BILLINGS THEREAFTER UNTIL FURTHER AMENDED BY THE CITY COUNCIL.

THE CITY OF ESCANABA ORDAINS:

Section 1.00      SEWER SERVICE CHARGES

1.01 Charges for operation, maintenance, and replacement shall be levied monthly on the basis of metered water consumption, according to the following:

\$3.94 Net Per Thousand Gallons, plus monthly availability debt service charge based on the size of a customer's water service to be determined as follows:

5/8" & 3/4"	Meter	\$ 9.34	per month
1"	Meter	11.57	per month
1 1/4"	Meter	16.28	per month
1 1/2"	Meter	23.33	per month
2"	Meter	34.92	per month
3"	Meter	69.92	per month
4"	Meter	93.23	per month
6"	Meter	209.75	per month
8"	Meter	302.96	per month
10"	Meter	419.50	per month
12"	Meter	466.12	per month

The minimum monthly bill shall be the "availability" charge herein set forth.

1.02 Outside the City Wastewater Rates

The outside City wastewater charges shall equal the City charge for operation, maintenance, and replacement and shall be twice the inside City charge for availability.

1.025 The flat rate charge for unmetered residential wastewater services shall be \$28.58 per month.

1.03 In the event that a user introduces a substance into the wastewater system that results in extraordinary treatment, procedures, or costs, the City reserves the right to bill the user in accordance with the Michigan Department of Natural Resources (DNR) approved water charge system, or if the substance cannot be treated feasibly, the City reserves the right to terminate utility service to the user.

1.04 In the event that a user introduces a substance into the system that results in damages to property or environment, said user will be solely responsible for compensatory and/or punitive damages.

1.05 The City Manager will set the charge for any service not covered by this ordinance.

1.06 Non-Sufficient Funds Charges (NSF)

Whenever a customer presents a check or draft instrument for which funds are not immediately available upon presentation for deposit at the City's bank, a charge of \$40 will be placed upon the account for which payment was intended. The NSF charge shall also apply to agreements for ACH account debits.

1.07 Billing Recapture and Customer Credits

Whenever it becomes necessary for the billing department to recapture unbilled charges, the billing department shall use a "look-back" period of two years. If it is

determined that unbilled charges are the result of customer fraud, the billing department shall recover all unbilled charges.

If a billing error on the part of the City results in over-billed charges, the City will refund all such over-billings, to the extent that the amount can be reasonably determined.

If an over-billing is not the result of a City error, the billing department shall employ a two year look-back period in determining the amount of credit.

## Section 2.00      USER CHARGE SYSTEM

### 2.01 Established Basis for Computations

Rates and charges for the use of the wastewater system of the City shall be based upon the methodology in the user charge system approved by the Michigan DNR. Revisions to the rates for total sewer service charges are to be established by ordinances as necessary to ensure sufficiency of revenues in meeting operation, maintenance, and replacement costs, as well as debt service.

User charges for operation, maintenance and replacement shall be subject to the annual review of the user charge system. User charges shall be the same for all customers of the system regardless of geographical boundaries.

BOD (Biochemical Oxygen Demand) will be charged \$0.43/lb, above 300 mg/l.  
SS (Suspended Solids) will be charged \$0.46/lb, above 300 mg/l.  
Phosphorus will be charged \$6.91/lb, above 12 mg/l.

### 2.02 Amounts, Billings, Sewer Service Charges

The rates and charges for service furnished by such system shall be levied upon each lot or parcel of land, building or premises, having any sewer connection with such systems, on the basis of the equivalent residential units and shall be collected monthly, except in cases where the character of the sewage from a manufacturer is such that reasonable, additional burden is placed on the system.

### 2.03 Annual Audit

The rates hereby fixed are estimated to be sufficient to provide for the expenses of operation, maintenance, and replacement of the system as are necessary to preserve the same in good repair and working order.

Such rates shall be fixed and revised from time to time as may be necessary to produce these amounts. An annual audit shall be prepared. Based on said audit, rates for sewage services shall be revised as necessary by the City to meet system expenses and to ensure that all user classes pay their proportionate share of operation, maintenance, and equipment replacement costs.

### 2.04 Free Services

No free services shall be allowed for any user of the wastewater treatment works.

### 2.05 Late Payment Penalty

Meters of all customers shall be read or estimated monthly and a three percent (3%) penalty charge will be made on all bills unpaid after the due date indicated on bill. Penalty charges may be waived at the discretion of the City for good reason. In all cases, it will be the exclusive right of the City to determine the facts and judge the validity of the request to waive the penalty payments.

### 2.06 Enforcement:

In addition to all other lawful enforcement methods, the City agrees and covenants to enforce all charges for wastewater services supplied to any

premises, if any such charges shall remain unpaid past the due date.

## 2.07 Utility Liens

Charges for wastewater services applied by the system shall constitute a lien on the premises served and if not paid within six (6) months, shall be certified by the official in charge of the collection thereof to the tax assessing officer and shall then be entered upon the next tax roll as a charge against such premises and shall be collected and the lien thereof enforced in the same manner as general City taxes against such premises are collected and the lien thereof enforced. All provisions of the laws of Michigan and the City Charter applicable to the time and manner of certification and collection of delinquent City taxes levied against real estate in the City shall be observed in the certification and collection of such charges.

### 2.075 Landlord Not Responsible

In all cases where a tenant is responsible for the payment of any such charge and the Utility Billing Office is so notified in writing, which notification shall include a true copy of the lease of the affected premises, if there be one, then no such charge shall become a lien against such premises from and after the date of such notice. In the event of the filing of such notice and after the date of such notice, the City shall render no further service to such premises until a cash deposit in an amount of the projected billing for not less than a one-month period and not more than a three-month period is received, said determination of deposit to be solely at the discretion of the City.

## 2.08 Experience - Good Faith Deposit Requirement

### (A) Deposit Terms

If a customer of the City of Escanaba, whether he be a tenant, owner, or an owner by land contract, has a history of delinquent payments, or if the City has no history of customer's payments, or if owner or tenant customer service is located outside the corporate limits of the City of Escanaba, or if, in the judgment of the City, the existing deposit is insufficient based on current billings, the City may require a sum not to exceed the projected billing in an average four-month period as a good faith deposit. Projected billing for water sewer and electricity are combined for purposes of determining a customer's total deposit requirement. In no case will a customer's total deposit requirement be less than two hundred dollars (\$200). In the case of an account which does not include electric service, the total deposit requirement shall not be less than one hundred dollars (\$100). This deposit will be held for twelve (12) consecutive months of payments without delinquency.

Deposits for commercial accounts will be estimated on an individual basis. Commercial accounts will pay a deposit of an estimate of four (4) months' utility bills based on the estimated usage for the type of business.

### (B) Deposit Interest

Interest will be paid on deposits at the rate of 1.0 % per annum effective July 1, 2019. The deposit rate is based on the market rate the City receives on its deposit accounts on that date.

### (C) Escrow and Letter of Credit

If a deposit of over \$500 is demanded from a commercial or large power customer, this deposit may be held in a special escrow account at the bank of the customer's choice, and interest will accrue to the benefit of the customer. Alternately, said customer may furnish an irrevocable bank letter of credit in lieu of a cash deposit.

## 2.09 No user shall introduce any substance, including toxic matter, chemicals, or

flammable liquids, or water derived from other than metered City sources, into the City sewer system without first receiving specific approval from the Superintendent of Wastewater.

2.10 Water customers not introducing all of their usage into the sewer system may apply to the Utility Office for exemption from wastewater charges for the usage not introduced, by requesting the installation of a meter to determine, through the use of the meter, the purchased water that is not being introduced into the sewage system.

2.11 Exemptions.

Requests for special exemption from wastewater charges, due to extenuating circumstances, will be considered by the City Manager or her/his designated official. Each request will be assessed on the facts as determined by said official.

Section 3.00                    VALIDITY, SEVERABILITY, CONFLICT, LIABILITY

3.01 The provisions of this article are severable, and if any of the provisions, words, phrases, clauses or terms, or the application thereof to any person, firm, or corporation, or to any circumstances, shall be held invalid, illegal, or unconstitutional by any court of competent jurisdiction, such decision or findings shall not in any way affect the validity, legality, or constitutionality of any other provisions, word phrase, clause or term, and they shall continue in full force and effect.

3.02 All rules, regulations, and provisions, which have heretofore been enacted by ordinance or otherwise, shall continue to be in full force and effect unless modified or amended by the terms of this ordinance.

3.03 All laws and parts of laws, all ordinances, codes and regulations which are inconsistent with or in conflict with or repugnant to any provisions of this ordinance, shall be deemed not to apply; provided that nothing herein contained shall be construed to prevent the adoption and enforcement of law, ordinance, or regulation which is more restrictive or establishes a higher standard than those provided in this article.

Section 4.0                    EFFECTIVE DATE

This ordinance shall be in full force and effect for billings processed after June 30, 2019, and after the passage of this Ordinance and publication.

APPROVED:

APPROVED:

\_\_\_\_\_  
Ralph B. K. Peterson  
City Attorney

\_\_\_\_\_  
Marc D. Tall  
Mayor

Date Approved: (Month) (Date), 2019  
Date Published: (Month) (Date), 2019

Attest:

\_\_\_\_\_  
Phil DeMay  
City Clerk

I hereby certify that the foregoing constitutes a true and complete copy of an Ordinance duly adopted by the City Council of the City of Escanaba, County of Delta, Michigan, at a Special Meeting held on (Day), the (Date) day of (Month), 2019, and was published in the Daily Press, a newspaper of general circulation in the City of Escanaba on (Day), (Month) (Day), 2019, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

\_\_\_\_\_  
Phil DeMay  
City Clerk



ORDINANCE NO. 1209  
WATER RATES

N.B. - #6

C.C. 5/16/19

THE ORDINANCE FIXING THE RATES TO BE CHARGED BY THE CITY OF ESCANABA FOR WATER DISTRIBUTION, TREATMENT, AND AVAILABILITY TO BE IN FULL FORCE AND EFFECT ON THE BILLINGS PROCESSED AFTER JUNE 30, 2019, AND ALL BILLINGS THEREAFTER UNTIL FURTHER AMENDED BY THE COUNCIL.

THE CITY OF ESCANABA ORDAINS:

CHAPTER I  
RATES

For water distribution and treatment, there shall be charged by the City of Escanaba the rates herewith set forth as follows:

Section 101. Metered Water Rates (Monthly):

\$ 4.15 Net Per Thousand Gallons

Plus, a monthly availability charge based on the size of the customer's service to be determined as follows:

5/8" & 3/4" Meter.....	\$ 22.82	per month
1" Meter.....	28.52	per month
1 1/4" Meter.....	39.85	per month
1 1/2" Meter.....	57.00	per month
2" Meter.....	85.58	per month
3" Meter.....	171.03	per month
4" Meter.....	227.97	per month
6" Meter.....	513.05	per month
8" Meter.....	741.28	per month
10" Meter.....	1026.02	per month
12" Meter.....	1,140.05	per month

Minimum Bill:The minimum monthly bill shall be the "availability" charge herein set forth.

Section 102. Outside City Metered Water Rates:

The outside City rates shall be twice the inside City rates.

Section 103. Construction Service:

103.1 Use of City Hydrants or Standpipes as a Source of Water.

- A deposit of \$100.00 shall be required for each hydrant connection;
- Payment of \$140.00 shall be made at time of application and will include the initial installation and 1<sup>st</sup> month rental fee for both hydrant and backflow device;
- Relocation fee shall be \$55.00 each time the meter is moved;
- Additional month meter rental shall be \$55.00 per month;
- Additional month back flow device rental shall be \$30.00 per month;
- All metered water shall be billed at \$4.15/1,000 gallons.

103.2 When a service line is installed at construction site and it is not feasible to set a meter, the flat rate charge for water used will be as follows:

1" Service Line . . . \$52.19 per month

103.3 Customers will be charged actual cost for construction of all services, regardless of size.

Section 104. Special Cases

The City Manager will set the charge for any service not included in this action, including charges for meters which are damaged or faulty. The City retains the right to discontinue service to a customer in order to bring the customer's installation up to City standards.

Section 105. Unmetered Water Sales

Unmetered water rates shall be charged at the rate of \$4.15 per thousand gallons on the estimated usage for each month, plus, a minimum monthly service charge based upon an estimated meter size requirement, if the consumer were metered, which shall be levied from the metered water rate service charge schedule.

The basis for estimating residential flat rate or unmetered water sales shall consist of a representative average residential usage for each month.

Section 106. Fire Protection Charges

Charge per fire hydrant will be computed at \$523.19 per year per hydrant. The annual availability charge for a special water line for a fire protection system shall be \$522.48 for a six-inch line, \$927.12 for an eight-inch line, \$1,449.48 for a ten-inch line, \$2,089.96 for a twelve-inch line, and \$3,713.67 for a sixteen-inch line. Rates for hydrant rental in Wells Township will be \$503.63 per year per hydrant.

Section 107. Connection To Public Water Supply

- (A) No person shall tap any water main or distribution pipe of the water distribution system, or insert therein any corporation cock, stop cock or any other fixture of appliance, or alter or disturb any service pipe, corporation stop, curb stop, gate valve, hydrant, water meter or any other attachment belonging to the water distribution system and attached thereto without the explicit and official permission of an authorized representative of the city. No person shall install any water service pipe or connect or disconnect any such service pipe with or from the mains or distribution pipes of said water distribution system, nor with or from any other service pipe now or hereafter connected with said system, nor make any repairs, additions to, or alterations of any such service pipe, tap, stop cock or any other fixture of attachments connected with any such service pipe, without proper permit for same.
- (B) The owner, tenant or occupant of each lot or parcel of land which abuts upon a street or other public way containing a water main or a water system upon which lot or parcel a building shall have been, is or will be constructed for residential, commercial or industrial use in the city shall connect such building with such water main and shall cease to use any other source of water supply for any purpose. An exception shall be made for outdoor irrigation purposes.
- (C) Any such owner, tenant or occupant of a lot or parcel of land in the city along a water main constructed prior to July 1, 2019, who has an existing domestic supply or source of potable water shall be exempt from the provision of this section. However, when the existing water source for the parcel is insufficient or requires maintenance or upgrade, the owner, tenant, or occupant shall immediately connect to the city water system. Buildings which are located more than 600 feet from the public water line are exempt from this article.
- (D) Any such owner, tenant or occupant of a lot or parcel of land in the city who has an existing domestic supply or source of potable water who is exempted from the provisions of this section as provided in this section shall be subject to all fees normally charged for non-users of the public water system for fire protection services.

- (E) No well, spring or other water supply shall be permitted for residential, commercial or industrial usage when property is adjacent to public water system.
- (F) The owner, tenant or occupant of each lot or parcel of land which abuts upon a street or other public way containing a water main or a water system upon which lot or parcel a building shall have been constructed for residential, commercial or industrial use in the city who has an existing water system shall be required to connect to the public water system in the event the owner, tenant or occupant of any such lot shall cease to use the existing domestic supply or source of potable water or it requires maintenance.
- (G) All costs and expense incident to the installation and connection of the water service line shall be borne by the owner. The owner shall indemnify the city from any loss, damage or restoration costs that may be occasioned by the installation of the water service line.
- (H) The materials of construction of a water service line and the methods to be used in excavation, placing of the pipe, testing, disinfection and backfilling the trench shall all conform to the requirement of the building code or applicable state department of environment quality rules, regulations and engineering standards of the city. All excavations required for the water service line shall be open trench work, unless otherwise approved by the city engineer. No backfill shall be placed until the work has been inspected in accordance with this section.
- (I) Exceptions:
  - 1. Nothing contained in this article shall restrict the use of existing points, wells, springs or other sources of water supply for outside irrigation use, provided that there shall be no interconnection between such water supply and the city's water system.
  - 2. The city council or its duly designated representative, acting pursuant to rules, regulations and guidelines adopted by the council, may grant exceptions to the requirements of this article based on unusual circumstances existing in a particular case.

#### Section 107.1. Service Transfers and Fees

For each service transfer request, there shall be a charge of \$10.00. The transfer fee is limited to those situations which require only a meter reading. For any service calls during regular working hours, including meter sets and valve turning, there shall be a charge of \$15.00. These charges are applicable only to requests for turning on a service. There are no charges for the shut-off of a service. Charges for turning on a service outside of regular hours will be \$120.00.

#### Section 108. Reconnection Charge

The reconnection charge for seasonal service requested by any customer, such as people going away for the winter, seasonal businesses, or seasonal industries, shall be \$30.00 if the meter is reconnected at the same premises by the same user within one year of disconnection. There shall be a reconnection charge of \$30.00 for shut offs due to nonpayment. Non-pay reconnects outside of normal business hours shall be billed at \$120.00.

#### Section 109. Meter Charges In New Construction

A customer who installs a new water service that is not a replacement for an existing service must pay a one time meter charge equal to the actual cost of the meter plus 15% prior to receipt of services. Meter charges and specifications shall be established by the City Water Superintendent and

shall be adjusted at his discretion. Customers are not permitted to remove meters at the end of their service contract.

A customer who requests replacement of an existing, properly functioning, meter shall be charged the actual cost of the new meter plus 15%. In addition, such customer shall pay materials at actual cost plus 15%.

#### Section 110. Non Sufficient Funds Charges (NSF)

Whenever a customer presents a check or draft instrument for which funds are not immediately available upon presentation for deposit at the City's bank, a charge of \$40 will be placed upon the account for which payment was intended. The NSF charge shall also apply to agreements for ACH account debits.

#### Section 111. Billing Recapture and Customer Credits

Whenever it becomes necessary for the billing department to recapture unbilled charges, the billing department shall use a "look-back" period of two years. If it is determined that unbilled charges are the result of customer fraud, the billing department shall recover all unbilled charges.

If a billing error on the part of the City results in over-billed charges, the City will refund all such over-billings, to the extent that the amount can be reasonably determined.

If an over-billing is not the result of a City error, the billing department shall employ a two year look-back period in determining the amount of credit.

#### Section 113. Frozen Meter Charge

If a water meter freezes and becomes damaged as a result of freezing, the account holder shall be required to pay to the City, the actual replacement cost of the meter plus 15%.

#### Section 114. Cross Connections

The city hereby adopts by reference the Water Supply Cross Connection Rules of the state department of environmental quality, being R 325.11401 through R 325.11407 of the Michigan Administrative Code.

It shall be the duty of the water utility to cause inspections to be made of all properties serviced by the public water supply where cross connections with the public water supply is deemed possible. The frequency of inspections and re-inspections based on potential health hazards involved shall be as established by the water utility and as approved by the state department of environmental quality.

1. The representative of the city water utility shall have the right to enter at any reasonable time any property served by a connection to the public water supply system of the city for the purpose of inspecting the piping system thereof for cross connections. On request, the owner, lessees or occupants of any property so served shall furnish to the inspection agency any pertinent information regarding the piping system on such property. The refusal of such information or refusal of access, when requested, shall be deemed evidence of the presence of cross connections.
2. The water utility is hereby authorized and directed to discontinue water service after reasonable notice to any property wherein any connection in violation of this article exists, and to take such other precautionary measures deemed necessary to eliminate any danger of contamination of the public water supply system. Water service to such property shall not be restored until the cross connection has been eliminated in compliance with the provisions of this article.

CHAPTER II  
CONDITIONS OF SERVICE

Section 201. Late Payment Penalty

Meters of all customers shall be read or estimated monthly and a three percent (3%) penalty charge will be made on all bills unpaid after the due date indicated on bill. Penalty charges may be waived at the discretion of the City for good reason in all cases, it will be the exclusive right of the City to determine the facts and judge the validity of the request to waive the penalty payments.

Section 202. Enforcement

In addition to all other lawful enforcement methods, the City agrees and covenants to enforce all charges for water supplied to any premises by discontinuing the water service to such premises if any such charges shall remain unpaid past the due date.

(A) Utility Liens

Charges for water services applied by the system shall constitute a lien on the premises served and if not paid within six (6) months, shall be certified by the official in charge of the collection thereof to the tax assessing officer and shall then be entered upon the next tax roll as a charge against such premises and shall be collected and the lien thereof enforced in the same manner as general City taxes against such premises are collected and the lien thereof enforced. All provisions of the laws of Michigan and the City Charter applicable to the time and manner of certification and collection of delinquent City taxes levied against real estate in the City shall be observed in the certification and collection of such charges.

(B) Landlord Not Responsible

In all cases where a tenant is responsible for the payment of any such charge and the Utility Billing Office is so notified in writing, which notification shall include a true copy of the lease of the affected premises, if there be one, then no such charge shall become a lien against such premises from and after the date of such notice. In the event of the filing of such notice and after the date of such notice, the City shall render no further service to such premises until a cash deposit in an amount of the projected billing for not less than a one-month period and not more than a three-month period is received, said determination of deposit to be solely at the discretion of the City.

Section 203. Experience - Good Faith Deposit Requirement

(A) Deposit Terms

If a customer of the City of Escanaba, whether he be a tenant, owner, or an owner by land contract, has a history of delinquent payments, or if the City has no history of customer's payments, or if owner or tenant customer service is located outside the corporate limits of the City of Escanaba, or if, in the judgment of the City, the existing deposit is insufficient based on current billings, the City may require a sum not to exceed the projected billing in an average four-month period as a good faith deposit. Projected billing for water sewer and electricity are combined for purposes of determining a customer's total deposit requirement. In no case will a customer's total deposit requirement be less than two hundred dollars (\$200). In the case of an account which does not include electric service, the total deposit requirement shall not be less than one hundred dollars (\$100). This deposit will be held for twelve (12) consecutive months of

payments without delinquency.

Deposits for commercial accounts will be estimated on an individual basis. Commercial accounts will pay a deposit of an estimate of four (4) months' utility bills based on the estimated usage for the type of business.

(B) Deposit Interest

Interest will be paid on deposits at the rate of 1.0% per annum effective July 1, 2019. The deposit rate is based on the market rate the City receives on its deposit accounts on that date.

(C) Escrow and Letter of Credit

If a deposit of over \$500 is demanded from a commercial or large power customer, this deposit may be held in a special escrow account at the bank of the customer's choice, and interest will accrue to the benefit of the customer. Alternately, said customer may furnish an irrevocable bank letter of credit in lieu of a cash deposit.

Section 204. Discontinuation of Service

Water services may be discontinued if the wastewater charges are not paid.

Section 204.1 Tampering

The City may discontinue service following a written notice in the event that the user has tampered with the metering, bypassed said metering, or cross connected to the City system. Also, the unauthorized cross connection or tampering with the metering will result in the customer being billed for the estimated cost of the water used, as determined by the City, and the act of cross-connecting or bypassing the meter will be construed as a theft of utility water and appropriately prosecuted.

Section 204.2 Seal Cutting (note: broke out into new section)

Neither customers nor plumbing contractors shall cut a meter seal to perform work without calling the Escanaba Utility Billing Department prior to beginning such work. Permission will be given only to qualified persons to cut meter seals. Anyone not adhering to this provision shall be subject to a \$75.00 seal-cutting fee.

Section 205. Liability

In case the supply of water shall be interrupted or fail by reason of accident or causes beyond the control of the City, the City shall not be liable for damages by reason of such failure.

Section 206. Location of Meters

All meters must be located in such manner as to provide safe, reasonable access by City personnel for reading, inspection and maintenance, without the need for advance notice during regular City business hours. Conditions which can prevent access by City personnel include, but are not limited to, dogs, fences, locked gates, shrubbery, ice, snow, vehicles and debris in the way of the meter. Any customer who refuses to remedy a condition which prevents access shall have his or her services disconnected until said condition is corrected to the satisfaction of the utility.

Section 207. Backflow Device Testing

Anyone performing a test of a backflow or cross connection device must forward a copy of the test results to the City Water Department within 30 days of having completed said test. A property owner shall have sole

responsibility for compliance with this section. A property owner shall be responsible for all investigation costs if such investigation results in a finding of “non-compliance.” Failure to comply with this section shall be grounds for discontinuation of water service.

CHAPTER III  
OTHER ORDINANCES

All rules, regulations, and provisions, which have heretofore been enacted by ordinance or otherwise, shall continue to be in full force and effect unless modified or amended by the terms of this ordinance.

CHAPTER IV  
SAVINGS CLAUSE

If any section, subsection, clause, or phrase of this ordinance is, for any reason, held to be unconstitutional, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have passed this ordinance and each section, subsection, sentence, clause, or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, and phrases be declared unconstitutional.

CHAPTER V  
EFFECTIVE DATE

In compliance with Section 4 of Chapter XVI of the City Charter, this ordinance shall be in full force and effect for billings processed after June 30, 2019, and after passage of this ordinance and its publication.

APPROVED:

APPROVED:

\_\_\_\_\_  
Ralph B. K. Peterson  
City Attorney

\_\_\_\_\_  
Marc D. Tall  
Mayor

Date Approved: (Month) (Date), 2019  
Date Published: (Month) (Date), 2019

Attest:

\_\_\_\_\_  
Phil DeMay  
City Clerk

I hereby certify that the foregoing constitutes a true and complete copy of an Ordinance duly adopted by the City Council of the City of Escanaba, County of Delta, Michigan, at a Special Meeting held on (Day) the (Date) day of (Month) 2019 , and was published in the Daily Press, a newspaper of general circulation in the City of Escanaba on (Day), (Month) (Date), 2019 , and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

\_\_\_\_\_  
Phil DeMay  
City Clerk

ORDINANCE NO. 1210  
SOLID WASTE RATES

N.B. - #7  
C.C. 5/16/19

**AN ORDINANCE TO AMEND CHAPTER 14, FIXING THE CHARGES TO BE ASSESSED BY THE CITY OF ESCANABA FOR SOLID WASTE, RECYCLING, YARD WASTE AND LITTERING, TO BE IN FULL FORCE AND EFFECT ON THE BILLINGS PROCESSED AFTER JUNE 30, 2019 AND ALL BILLINGS THEREAFTER UNTIL FURTHER AMENDED BY THE CITY COUNCIL OF THE CODE OF ORDINANCES OF THE CITY OF ESCANABA**

**THE CITY OF ESCANABA ORDAINS:**

**CHAPTER I**

**Chapter 14, Section 3, Collection of Charges; Liens**, of the Code of Ordinances shall be amended as follows:

1. Each small garbage customer shall be charged the sum of Three Dollars (\$3.25) per month for the collection and disposal of up to three (3) solid waste carts of solid waste per week.

The City may, at its sole discretion, grant a small garbage exemption from solid waste charges if all of the following conditions exist: (a) a building or portion thereof must be unoccupied for the entire billing period in question; (b) a building or portion thereof must have either its electric or water service "shut off" for the entire billing period in question; and (c) no refuse may be placed for pickup at the occupancy in question during the billing period in question. Retroactive exemption will not be granted.

2. Each large garbage customer shall be charged the sum of Thirteen Dollars (\$13.00) per month for the collection and disposal of four (4) or five (5) solid waste carts of solid waste per week.

The City may, at its sole discretion, grant a large garbage exemption from solid waste charges if the customer in question furnishes the billing department with evidence of private collection. Retroactive exemptions will not be granted.

3. Any customer who exceeds five (5) solid waste carts of solid waste per week will be required to provide for the collection and disposal of their solid waste through other methods.
4. Should the State of Michigan or any other duly authorized governmental agency mandate any cost increases for the disposal of solid waste at the Delta Solid Waste Management Landfill, these additional costs will be added to the rates as previously described.
5. There is created and established a special fund to be known and designated as the "Solid Waste Fund" into which all sums collected under this chapter shall be deposited and kept by the City Treasurer and from which all expenses of the administration and operation of this chapter shall be paid.
6. All solid waste collection service charges shall be paid to the City Treasurer.
7. A three (3%) percent penalty charge will be made on all bills unpaid after the date indicated on the bill. The penalty charge will be computed as of the date of payment and will be computed on the amount of payment applied to the delinquent balance. The penalty charges may be waived at the discretion of the city for good reason when the interest of the city would be best served by waiving said penalty or if the customer proves extraordinary circumstances intervened to prevent payment of the bill on the due date. In all cases, it will be the exclusive right of the city to determine the facts and judge the validity of the request to waive the penalty payments.
8. In addition to all other remedies for the collection of delinquent charges or billing authorized by ordinances of the city pertaining to solid waste collection, the city shall have the right to such liens and procedures as may be established for the collection



of solid waste utility charges as are now or hereafter authorized by the laws of the state.

**Chapter 14, Section 4. Enforcement**, of the Code of Ordinances shall be amended as follows:

Charges for solid waste disposal shall constitute a lien on the premises served and if not paid within six (6) months shall be certified by the official in charge of the collection thereof to the tax assessing officer, and shall then be entered upon the next tax roll as a charge against such premises and shall be collected and the lien thereof enforced in the same manner as general city taxes against such premises are collected and the lien thereof enforced. All provisions of the laws of the state and the city charter applicable to the time and manner of certification and collection of delinquent city taxes levied against real estate in the city shall be observed in the certification and collection of such charges, provided, however, that in all cases where a tenant is responsible for the payment of any such charge and the utility billing office is so notified in writing, which notification shall include a true copy of the lease of the affected premises, if there be one, then no such charge shall become a lien against such premises from and after the date of such notice.

**CHAPTER II**  
**SAVINGS CLAUSE**

If any section, subsection, sentence, clause, or phrase of the within Ordinance is, for any reason, held to be unconstitutional, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed this Ordinance, section, subsection, sentence, clause, phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared unconstitutional.

**CHAPTER III**  
**REPEALING CHAPTER**

All ordinances or parts of ordinances in conflict with the provisions of this Ordinance are hereby repealed.

**CHAPTER IV**  
**EFFECTIVE DATE**

This Ordinance shall be in full force and effect ten (10) days after its passage and publication.

APPROVED:

APPROVED:

\_\_\_\_\_  
Ralph B. K. Peterson  
City Attorney

\_\_\_\_\_  
Marc D. Tall  
Mayor

Date Approved: (Month) (Date), 2019  
Date Published: (Month) (Date), 2019

Attest:

\_\_\_\_\_  
Phil DeMay  
City Clerk

I hereby certify that the foregoing constitutes a true and complete copy of an Ordinance duly adopted by the City Council of the City of Escanaba, County of Delta, Michigan, at a Special Meeting held on (Day), the (Date) day of (Month) 2019, and was published in the Daily Press, a newspaper of general circulation in the City of Escanaba on (Day), (Month) (Date), 2019, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

\_\_\_\_\_  
Phil DeMay  
City Clerk

N.B. -#8  
C.C. 5/16/19



RESOLUTION NO: 4-15-19d

**AUTHORIZING SERVICES AGREEMENT WITH THE CITY OF ESCANABA, MI**

**WHEREAS**, the Sault Ste. Marie Tribe of Chippewa Indians is a federally recognized Indian Tribe organized under the Indian Reorganization Act of 1934, as amended; and

Sault Tribe

Housing Authority

154 Parkside

Kincheloe

Michigan

49788

(800) 495-5598

(906) 495- 5555

(906) 495-5981 Fax

[www.saulttribe.com](http://www.saulttribe.com)

[housing@saulttribe.net](mailto:housing@saulttribe.net)



SULT TRIBE HOUSING AUTHORITY

**WHEREAS**, the Sault Tribe Housing Authority (STHA), is organized by Tribal ordinance, Chapter 90; and

**WHEREAS**, the STHA is constructing four (4) new units of housing on the current tribal housing development located on trust land situated within the city of Escanaba, MI ; and


**WHEREAS**, STHA must comply with NAHASDA, Title I--Block Grants and Grant Requirements, Sec. 101 Block Grants, (C) Cooperation Agreements and (D) Exemption From Taxation, STHA finds it necessary to amend the current Services Contract with the City of Escanaba; and


**WHEREAS**, the Housing Authority is seeking approval of the amended Services Contract with the City of Escanaba as presented; and

**NOW, THEREFORE, BE IT RESOLVED**, that the Sault Tribe Housing Commission hereby approves and authorizes its Chairperson to execute the Services Contract with the City of Escanaba.

**CERTIFICATION**

We the undersigned, as Chairperson and Secretary of the Sault Ste. Marie Tribe of Chippewa Indians Housing Authority Commission, hereby certifies that the Housing Commission is composed of 7 members, of whom 5 members constituting a quorum were present at a meeting thereof duly called, noticed, convened, and held on the 15<sup>th</sup> day of April 2019; that the foregoing resolution was duly adopted at said meeting by an affirmative vote of 3 members for, 0 members against, 1 members abstaining, and that said resolution has not been rescinded or amended in any way.

  
Kenneth J. Ermatinger, Chairperson  
Sault Ste. Marie Tribe of  
Chippewa Indians  
Housing Authority Commission

  
Heather Alstrom, Secretary  
Sault Ste. Marie Tribe of  
Chippewa Indians  
Housing Authority Commission

**SERVICE CONTRACT**  
**Between the**  
**City of Escanaba, Michigan**

**And the**  
**Sault Ste. Marie Tribe of Chippewa Indians Housing Authority**

It is this \_\_\_\_\_ day of \_\_\_\_\_, 2018~~2~~ by and between the Sault Ste. Marie Tribe of Chippewa Indians Housing Authority (hereinafter "Local Authority") and the City of Escanaba (hereinafter "Municipality") hereby agreed that the following terms and covenants will govern the provision of municipal services to housing units operated by Local Authority on trust land located with the Municipality.

The purpose of this Contract is to supersede and replace the prior contract between the parties, creating the flexibility for the Local Authority to locate additional units within the development and increasing the per-unit payments to the Municipality based on the increases as they occur.

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In consideration of the mutual covenants hereinafter set forth the parties hereto do contract as follows:

- 1) Whenever used in this contract:
  - a) The term "Government" shall mean the United States of America acting through the Secretary of Housing and Urban Development.
  - b) The term "project" shall mean all low-rent housing hereafter developed or acquired by the Local Authority with financial assistance of the Government and located:

- (1) The North ½ of the Northwest ¼ of the Southwest ¼ of Section 36,  
Township 39 North, Range 23 West.

A site plan describing said project is attached hereto and incorporated by reference.

c) The term "Shelter Rent" shall mean the total of all charges to all tenants of the Project for dwelling rents and non-dwelling rents (excluding all other income of the Project), less the cost to the Local Authority of all dwelling and non-dwelling utilities.

2) The Local Authority shall endeavor (a) to secure a contract or contracts with the Government for loans and annual contributions covering one development of low- rent housing and (b) to develop or acquire and administer such Project located within the corporate limits of the Municipality. The obligations of the parties hereto shall apply to this project. As of the date of this Contract, the development is slated to grow to **29 units**. Further growth in the number of units shall be permitted under this Contract, without modification other than the increase in per-unit costs paid to the Municipality by the Local Authority.

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3) (a) Under the constitution and the statutes of the State of Michigan, the project is exempt from all real and personal property taxes levied or imposed by the Municipality. With respect to the project, so long as either (i) such Project is owned by the Local Authority, a public body of governmental agency, and is used for low -rent housing purposes, or (ii) any contract between the Local Authority, and Government for loans or annual contributions, or both, in connection with such project or any monies due to the Government in connection with such Project remain unpaid, whichever period is the longest, the Municipality agrees that it will not levy or impose any real and personal property taxes upon such Project or upon the Local Authority with respect thereto. During such period, the Local Authority shall make annual payments for the public services and facilities furnished from time to time without cost or charge for or with respect to such Project.

(b) Each such annual payment shall be made at this time when real property taxes on such Project would be paid if it were subject to taxation, and shall be in an amount equal to either (i) One Hundred Fifty Dollars (\$150.00) per unit taken under management, or (ii) ten percent of the applicable Shelter Rent minus the utility allowance, whichever is greater for each rental housing unit.

(c) No payment for any year shall be made to the Municipality in excess of the amount of the real property taxes which would have been paid to the Municipality for such year if the Project were not exempt from taxation.

(d) Upon failure of the Local Authority to make any payment under paragraph 3, no lien against the Project or assets of the Local Authority shall attach, nor shall any penalties accrue or attach on account thereof, except for interest as provided in paragraph 4, hereof. In the event that payments are not made under paragraph 3, the Local Authority agrees that the Municipality has the right to bring legal action against the Local Authority for payment of amounts due plus interest and penalties as provided within.

4) During the period commencing with the date of the acquisition of any part of the site or sites of the project and continuing so long as either (i) such project is used for low-rent purposes, or (ii) any contract between the Local Authority and the Government for loans or annual contributions, or both, in connection with such Project remains in force and effect, or (iii) any bonds issued in connection with such Project remain unpaid, whichever period is the longest, the Municipality shall:

(a) Without cost or charge to the Local Authority or the tenants of the Project (other than the payments under paragraph 3):

(i) Furnish or cause to be furnished to the Local Authority and tenants of the Project Public services and facilities of the same character and to the same extent as are furnished from time to time without cost or charge to other dwellings and inhabitants in the Municipality;

(ii) Insofar as the Municipality may lawfully do so, (A) grant such deviations from the building code of the Municipality as are reasonable and necessary to promote economy and efficiency in the development and administration of such Project, and at the same

time safeguard health and safety, and (B) make such changes in any zoning of the site and surrounding territory of such Project as are reasonable and necessary for the development and protection of such Project and the surrounding territory;

(iii) It is understood by both parties hereto that the present zoning of the site is the proper zoning for said area and that the Local Authority will abide by the zoning code of the Municipality. The Local Authority will also abide by the City building codes and the Municipality recognizes that the National BOCA code is equivalent to the City building code.

(iv) Accept grants of easement necessary for the development of such Project; and

(v) Cooperate with the Local Authority by such other lawful action or ways as the Municipality and the Local Authority may find necessary in connection with the development and administration of such Project.

(b) At the same rates, fees, and assessments as are charged for similar services to other residential users with the Municipality, furnish or cause to be furnished to the Local Authority and the Tenants of the Project public services, including water and sewer, to the same extent as are elsewhere available to dwellings and inhabitants of the Municipality. The Municipality will furnish to the local authority a schedule setting forth standard fees for those municipal services for which fees are usually charged. The Local Authority agrees to pay fees which are normally paid by the landlord of comparable residential developments. The tenants shall be responsible for fees normally charged to tenants. The Local Authority is aware that Municipality customarily assesses interest on unpaid debts. The interest rate is currently one percent per month, and is subject to adjustment from time to time. The Local Authority agrees to pay interest on overdue and unpaid obligations to the Municipality at the rate currently in effect at the time. The Local Authority does hereby agree to comply with the City utility ordinances as they concern rates,

cross-connections, meter maintenance, and penalty and interest payments. The Local Authority recognizes the right of the Municipality to make meter inspections and to do discontinue service when cross-connections are found or in case of non-payment of utility bills.

5) In respect to the project the Municipality further agrees that within a reasonable time after receipt of a written request therefore from the Local Authority:

(a) It will accept the dedication of all interior streets, roads, alleys, and adjacent sidewalks within the area of such Project, together with all storm and sanitary sewer mains in such dedicated areas, after the Local Authority, at its own expense, has completed the grading, improvements, paving, and installation thereof in accordance with specifications acceptable to the Municipality (conformity with such specifications to be certified by the city engineer);

(b) It will accept necessary dedications of land for, and will grade, improve, pave, and provide sidewalks for, all streets bounding such Project or necessary to provide adequate access thereto (in consideration whereof the Local Authority shall pay to the Municipality such amount as would be assessed against the Project site for such work if such site were privately owned); and

(c) It will provide, or cause to be provided, water and sanitary sewer mains and storm drainage, leading to such Project and serving the bounding streets thereof (in consideration whereof The Local Authority shall pay to the Municipality such amount as would be assessed against the Project site for such work if such site were privately owned).

(d) It is further understood and agreed that the water and sewer mains and street lighting within said Project will be constructed to the standards of Municipality and will be accepted by the Municipality upon satisfactory completion.

6) If by reason of the Municipality's failure or refusal to furnish or cause to be furnished any public services or facilities which it has agreed hereunder to furnish or cause to be furnished to the Local

Authority or to the tenants of any Project, the Local Authority incurs any expense to obtain such services or facilities, then the Local Authority may deduct the amount of such expense from any payments due or incurred to become due to the Municipality in respect to the Project, except legal expenses in litigation against the Municipality.

7) No member of the governing body of the Municipality or any other public office of the Municipality who exercises any responsibilities or functions with respect to the project during his tenure or for one year thereafter shall have any interest, direct or indirect, in the Project or any property included or planned to be included in the Project, or any contracts in connection with such Project or property. If any such governing body member or such other public official of the Municipality involuntarily acquires or had acquired prior to the beginning of his tenure any such interest, he shall immediately disclose such interest to the Local Authority.

8) So long as any contract between the Local Authority and the Government for loans (including preliminary loans) or annual contributions, or both, in connection with the Project remains in force and effect, or so long as any bonds issued in connection with the Project or any monies due in the Government in connection with the Project remain unpaid, this Contract shall not be abrogated, changed, or modified without the consent of the Government. The privileges and obligations of the Municipality hereunder shall remain in full force and effect with respect to the Project so long as the legal title to the Project is held by the Government.

9) The Local Authority agrees to comply with all applicable civil regulations of the Municipality, including the BOCA building code and zoning as they may be reasonably modified pursuant to the terms of said ordinances. Provided, however, that the Municipality's remedies shall be limited, to enforcement of the within contract in a civil suit for breach of the within contract. The Municipality remedies, however, shall include civil injunctive relief.



IN WITNESS WHEREOF, the Municipality and the Local Authority have respectfully signed this contract and caused their seals to be affixed and attested as of the day and year first above written.

Attest

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
City of Escanaba, By: Mayor

Attest:

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Sault Ste. Marie Tribe of Chippewa  
Indians Housing Authority  
By: Chairperson

N.B. - #9

C.C. 5/16/19

### QUIT-CLAIM DEED

The Grantor(s): **City of Escanaba**, a Michigan Municipal Corporation, whose address is: 410 Ludington Street, Escanaba, Michigan 49829;

quit-claims to: **Escanaba Area Public Schools** Delta County, Michigan, whose address is: 1500 Ludington Street, Escanaba, Michigan 49829;

The following described premises situated in the **City of Escanaba, County of Delta, State of Michigan**, described as follows:

**From the NW corner of Government Lot 1, along the North line of said Section 6, Township 38 North, Range 22 West, commence North 89° 48' East, 770.3 feet; thence South 01° 13' West, 61.98 feet to the point of beginning; thence continuing South 01° 13' West, 94.03 feet; thence North 89° 52' 53" East, 55.93 feet; thence North 00° 07' 07" West, 94.00 feet; thence South 89° 52' 53" West, 53.74 feet, to the point of beginning.**

For the sum of LESS than One Hundred (\$100.00) Dollars.

Subject to any easements and buildings and use restrictions of record and the lien of taxes not yet due and payable.

This property may be located within the vicinity of farm land or a farm operation. Generally accepted agricultural and management practices which may generate noise, dust, odors, and other associated conditions may be used and are protected by the Michigan Right to Farm Act.

The grantor grants to the grantee the right to make 0 subdivisions under Section 108 of the Land Division Act, Act No. 288 of the Public Acts of 1967.

*This conveyance is exempt from real estate transfer tax under the provisions of MCL 207.505(a) and (h)(i) and MCL 207.526(a) and (h)(i).*

Dated this \_\_\_\_ day of May, 2019

**City of Escanaba**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

STATE OF MICHIGAN     )  
  ) ss  
COUNTY OF DELTA     )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of May, 2019 by \_\_\_\_\_, its: \_\_\_\_\_ of the City of Escanaba.

\_\_\_\_\_, Notary Public  
Delta County, Michigan  
My commission expires: \_\_\_\_\_

<b>When Recorded Return To:</b>	<b>Send Subsequent Tax Bills To:</b>	<b>Drafted By:</b>
Escanaba Area Public Schools 1500 Ludington Street Escanaba, MI 49829	Escanaba Area Public Schools 1500 Ludington Street Escanaba, MI 49829	Ralph B.K. Peterson DeGrand, Reardon, & Hall, P.C. 517 Ludington St. Escanaba, MI 49829