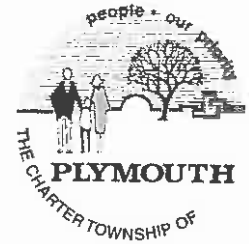


**CHARTER TOWNSHIP OF PLYMOUTH
BOARD OF TRUSTEES STUDY SESSION**

Tuesday, July 18, 2017
7:00 PM



CALL TO ORDER at _____ P.M.

ROLL CALL: Kurt Heise____, Mark Clinton____, Chuck Curmi ____, Jerry Vorva____
Bob Doroshewitz _____, Jack Dempsey _____, Gary Heitman _____

A. APPROVAL OF AGENDA

Study Session - Tuesday, July 18, 2017

B. PUBLIC COMMENTS AND QUESTIONS

C. BOND REFINANCING PROPOSAL – Supervisor Heise/Treasurer Clinton

D. WATER AND SEWER RATE ANALYSIS – Treasurer Clinton

E. WTUA UPDATE– Aaron Sprague

F. SUPERVISOR AND TRUSTEE COMMENTS

G. PUBLIC COMMENTS AND QUESTIONS

PLEASE TAKE NOTE: The Charter Township of Plymouth will provide necessary reasonable auxiliary aids and services, such as signers for the hearing impaired and audio tapes of printed materials being considered at all Township Meetings, to individuals with disabilities at the Meetings/Hearings upon two weeks notice to the Charter Township of Plymouth by writing or calling the following: Human Resource Office, 9955 N Haggerty Road, Plymouth, MI 48170. Phone number (734) 354-3202 TDD units: 1-800-649-3777 (Michigan Relay Services)

**THE PUBLIC IS ENCOURAGED AND INVITED TO ATTEND ALL
BOARD OF TRUSTEE MEETINGS!**

**CHARTER TOWNSHIP OF PLYMOUTH
BOARD OF TRUSTEES
STUDY SESSION
JULY 18, 2017**

ITEM A

APPROVAL OF AGENDA

**CHARTER TOWNSHIP OF PLYMOUTH
BOARD OF TRUSTEES
STUDY SESSION
JULY 18, 2017**

ITEM B

PUBLIC COMMENTS AND QUESTIONS

**CHARTER TOWNSHIP OF PLYMOUTH
BOARD OF TRUSTEES
STUDY SESSION
JULY 18, 2017**

ITEM C

BOND REFINANCING PROPOSAL

**SUPERVISOR HEISE AND
TREASURER CLINTON**



CHARTER TOWNSHIP OF PLYMOUTH

9955 N HAGGERTY RD • PLYMOUTH, MICHIGAN 48170-4673
www.plymouthtp.org

MEMORANDUM

To: Board of Trustees
From: Supervisor Kurt L. Heise *KLH*
Re: Contract with Miller Canfield for Proposed 2017 Refunding Bonds
Date: July 5, 2017

I have attached for your consideration a contract with Miller Canfield for bond refunding. The attached Retainer Agreement provided by attorney Thomas Colis outlines the scope of the project and fee schedule.

The proposed bond refunding work is estimated to save the Township approximately \$20,000 per year in financing payments.

I have reviewed this matter with Treasurer Clinton, who has requested that Mr. Colis attend our July 18 Study Session to answer any questions you might have.

SUPERVISOR
Kurt L. Heise
(734) 354-3200

CLERK
Jerry Vorva
(734) 354-3224

TREASURER
Mark J. Clinton
(734) 354-3214

TRUSTEES
Charles Curmi, Jack Dempsey
Robert Doroshewitz, Gary Heitman

Founded in 1852
by Sidney Davy Miller

MILLER CANFIELD

THOMAS D. COLIS
TEL (313) 496-7677
FAX (313) 496-8450
E-MAIL colis@millercanfield.com

Miller, Canfield, Paddock and Stone, P.L.C.
150 West Jefferson, Suite 2500
Detroit, Michigan 48226
TEL (313) 963-6420
FAX (313) 496-7500
www.millercanfield.com

MICHIGAN: Ann Arbor
Detroit • Grand Rapids
Kalamazoo • Lansing • Troy

FLORIDA: Tampa

ILLINOIS: Chicago

NEW YORK: New York

CANADA: Windsor

CHINA: Shanghai

MEXICO: Monterrey

POLAND: Gdynia
Warsaw • Wroclaw

June 19, 2017

Via Email and Regular Mail

Kurt L. Heise
Supervisor
Charter Township of Plymouth
9955 Haggerty Road
Plymouth, MI 48170-4673

Re: Charter Township of Plymouth/Proposed 2017 Refunding Bonds

Dear Mr. Heise:

It was a pleasure meeting with you last week to discuss the potential refunding bond issue for the Charter Township of Plymouth (the "Township"). As we discussed, the proposed refunding bonds would be issued by the Township to refund two prior bond issues of the Township: General Obligation Limited Tax Bonds, Series 2007 and Limited Tax General Obligation Bonds, Series 2009. You may be assured of our prompt and complete attention to this financing. It is our practice when beginning work on a new matter to send an engagement letter like this which sets forth the scope of our services as bond counsel and the nature of our compensation. *We ask that you review this letter carefully and return a signed copy of this letter to me if the terms of engagement are acceptable to the Township.*

Bond Counsel's Role

Bond Counsel is engaged as a recognized expert whose primary responsibility is to render an objective legal opinion with respect to the authorization and issuance of the Bonds. Our approving legal opinion with respect to the Bonds will be executed and delivered by us in written form on the date the Bonds are exchanged for their purchase price, and will be based upon facts and law existing as of its date. In rendering the opinion, we will rely upon the certified proceedings and other certifications of public officials and by other persons furnished to us without undertaking independent verification of the information contained in the proceedings and certifications.

In performing our services as bond counsel, our client is the Township and we will represent its interests. However our representation of the Township does not alter our responsibility to render an objective opinion as bond counsel. Upon delivery of the opinion our responsibilities as bond counsel will be concluded with respect to the Bonds.

Scope of Bond Counsel Services – What We Will Do

As bond counsel, we would provide the following services customarily performed by bond counsel respecting the authorization, sale, issuance and delivery of bonds:

1. Meet or consult with Township officials, the Township Board, if requested, the Township's financial advisor and others to explain the legal nature of a proposed borrowing, the Township's power to borrow and the limitations on that power, and consult with Township officials and the financial advisor in the design of the bonding program and timing schedules.

2. Prepare all of the necessary resolutions, ordinances, notices, agreements and other documents to authorize, issue and sell the Bonds. We also would assist in preparing required filings with the Michigan Department of Treasury and the Internal Revenue Service and in preparing the portion of the official statement respecting the Bonds. We also will advise the Township regarding relevant disclosure obligations under SEC Rule 15c2-12 in connection with the marketing and sale of municipal securities.

3. Examine the tax issues related to the Bonds (done by an attorney specializing in the requirements of the Internal Revenue Code as they apply to municipal tax-exempt bonds) to assure that all requirements of the Internal Revenue Code are complied with and that any adverse tax consequences are minimized.

4. Participate in the sale and delivery of the Bonds in order to handle legal matters that may arise at those times.

5. Prepare the bond form for printing definitive bonds for delivery to the purchaser.

6. Give the approving opinion as to validity and enforceability of the Bonds and their authorizing documents and as to the exemption of the interest on the Bonds from federal and state income taxation.

7. Review and pass on the legal accuracy of certain information regarding the Bonds and the exclusion of interest on the Bonds from gross income for taxation purposes and other legal matters relating to the Bonds contained in the official statement respecting the Bonds.

Our professional responsibilities as attorneys in this matter will be limited to interpretations of law and other legal issues and the drafting of legal documents. **We are not registered municipal advisors under the federal Dodd-Frank Act.** We understand that the Township may engage Bendzinski & Co. as its financial advisor for the Bonds.

Limitations on Services

We believe that the above services encompass the normal scope of bond counsel activities.

Our engagement does not include any obligation to monitor compliance with the federal tax requirements found in the Internal Revenue Code of 1986 (the "Code") and applicable to the Bonds, including the rebate requirements of Code Section 148(f), if applicable, as described in an exhibit attached to the Nonarbitrage and Tax Compliance Certificate that the Township will execute in connection with the issuance of the Bonds, or in connection with any audit or examination of the Bonds by the Internal Revenue Service. However, we would be available to assist with rebate calculations or any audit or examination as a separate engagement.

Conflict of Interest Policy

Our firm is one of the largest in Michigan. In addition to having the largest public finance practice in the State, our attorneys represent a great many clients and our practice is in many different legal areas. At one time or another, our firm has represented nearly every large and many smaller commercial and investment banks and other bond purchasers that do business in Michigan. We are not representing and do not intend to represent any other party in this financing. We do not believe that our representation in unrelated matters of the various other parties both in and out of the municipal area, including Hutchinson, Shockey, Early & Co., the potential purchaser of the Bonds, will affect our ability to serve the Township as bond counsel.

Because we are a large firm with many clients we are asked occasionally to represent a client in a matter adverse to the Township. We, of course, would decline to represent any client in a matter involving the Township that would conflict with our services to the Township as bond counsel for the above issue. Moreover, before we would represent a client adverse to the Township in any area not involving the bond issue, we would advise the Township before undertaking such representation.

Fees

Assuming the Bonds are issued in a single series of approximately \$2,385,000, our fee as bond counsel would be \$22,500, inclusive of expenses.

Our customary practice is to submit our invoice for payment at the time of the delivery of the Bonds to be paid from the proceeds of the Bonds.

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

Kurt L. Heise

-4-

June 19, 2017

We welcome this opportunity to be of service to the Township and look forward to working with you. If you have any questions regarding this letter, please give me a call.

Very truly yours,

Miller, Canfield, Paddock and Stone, P.L.C.

By: 
Thomas D. Colis

ACCEPTED:

CHARTER TOWNSHIP OF PLYMOUTH

By: _____
Kurt L. Heise
Its: Supervisor

By: _____
Jerry Vorva
Its: Township Clerk

Dated: _____, 2017

**CHARTER TOWNSHIP OF PLYMOUTH
BOARD OF TRUSTEES
STUDY SESSION
JULY 18, 2017**

ITEM D

WATER AND SEWER RATE ANALYSIS

TREASURER CLINTON



**Water & Sewer
Rate Analysis
July 18, 2017**

Study Session – Board of Trustees

Recommendation

Immediately - Increase W&S Rates by 5.0%

Next Year - Overhaul W&S Fee Schedule Upon Completion of Asset Management Plan (SAW Grant)

Current Fee Schedule

Our Rates Structure

PER 1,000 GALLONS							WATER BILL
WATER RATE*	SEWER RATE*						
3.78	5.67						
QUARTERLY							
RATE CODE	METER SIZE	MINIMUM GALLONS	WATER CHARGE (WC)	SEWER CHARGE (SD)	SERVICE CHARGE (SC)	WTUA	
1	5/8"	5	18.90	28.35	5.40	15.69	
2	3/4"	6	22.68	34.02	5.40	23.52	
3	1"	10	37.80	56.70	5.40	39.21	
4	1 1/4"	15	56.70	85.05	10.50	58.83	
5	1 1/2"	15	56.70	85.05	11.25	78.42	
6	2"	15	56.70	85.05	12.00	125.49	
7	3"	15	56.70	85.05	24.00	326.25	
8	4"	20	75.60	113.40	30.00	564.67	
9	6"	20	75.60	113.40	36.00	1210.90	
10	8"	20	75.60	113.40	54.00	1960.66	
11	10"	20	75.60	113.40	72.00	3097.84	

Challenges With Setting Rates

- **Some Municipalities Charge Fixed/Variable**
 - We don't
- **Some Municipalities Separate Water & Sewer**
 - We don't
 - Sewer is 150% of water charge
 - We don't meter sewer – offer 25% discount in summer

Our Neighbors

Neighboring Community Rates

(as of July 1, 2017)

	Variable Rates (per 1000 gallons)			Fixed Rates (per quarter)			Late Fee
	Water	Sewer	Total	Water	Sewer	Total	
Plymouth Township	\$3.78	\$5.67	\$9.45	-	-	-	5%
Northville Township	\$6.53	\$4.75	\$11.28	\$53.91	\$37.35	\$91.26	10%
Canton Township	\$5.96	\$6.87	\$12.83	\$8.52	\$8.64	\$17.16	10%
City of Plymouth	\$5.26	\$6.81	\$12.07	-	-	-	15%
City of Northville	\$9.01	\$5.98	\$14.99	-	-	-	10%

Note – Plymouth Township charges a minimum usage based upon size of the meter

Neighboring Community

Quarterly Bill Example

	Water	Sewer	Total
Plymouth Township	\$56.70	\$85.05	\$141.75
City of Plymouth	\$78.90	\$102.15	\$181.05
Canton Township	\$97.92	\$111.69	\$209.61
City of Northville	\$135.15	\$89.70	\$224.85
Northville Township	\$151.86	\$108.60	\$260.46

Assumes usage of 15,000 gallons

2017-18 Rates

2017-18 GLWA Rates

- Rates Effective July 1, 2017
- GLWA Costs are 60% fixed – 40% variable
- Fixed Cost = \$214,100 per month
- Variable Cost = \$1.348 per gallon (000s)
- Estimated Usage per GLWA = 1,270,755 gallons
- Total Cost = \$3.37 per gallon (000s) *

* Assuming Estimated Usage is Accurate

2016-18 GLWA Rates Change

	2015-16	2016-17	2017-18
Fixed (60%)	\$194,300 per month	\$205,200 per month	\$214,100 per month
Variable (40%)	\$1.259 per gallon (000s)	\$1.330 per gallon (000s)	\$1.348 per gallon (000s)
Blended	\$3.094 per gallon (000s)	\$3.267 per gallon (000s) +5.6%	\$3.370 per gallon (000s) +3.2%

2017-18 WTUA Rates Change

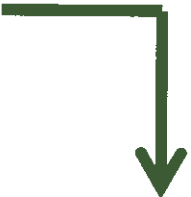
	2016-17	2017-18
Wayne County Sewage	\$1,645,000	-
WTUA Sewage	\$2,300,000	\$3,111,000
WTUA Debt Service	\$3,190,000	\$3,112,000
-12.8% Total	\$7,135,000	\$6,223,000

Water & Sewer Charges Need to Cover

- 1) Operating Costs
- 2) Debt & Capital
- 3) Future Infrastructure Requirements

Breakeven Rate Analysis

	<u>2015-16</u>	<u>2016-17</u>	<u>Estimated 2017-18</u>
Sources of Revenue			
Water Charges	\$4,462,334	\$4,761,100	\$5,040,277
Sewage Charges	\$6,930,795	\$7,409,647	\$7,560,416
WTUA Capital Charges	\$1,393,174	\$1,422,099	\$1,400,000
Benefit Fees	\$1,363,268	\$1,661,699	\$1,000,000
Miscellaneous	\$310,331	\$242,462	\$250,000
Total Revenue	<u>\$14,459,902</u>	<u>\$15,497,007</u>	<u>\$15,250,693</u>
Operating Expenses			
Cost of Water	\$3,619,823	\$4,211,421	\$4,282,444
Cost of Sewage Treatment	\$3,579,523	\$3,742,300	\$3,111,000
Salaries and Fringe Benefits	\$1,051,103	\$1,322,085	\$1,400,000
General Fund Administrative Charge	\$725,000	\$718,206	\$725,000
Miscellaneous	\$759,385	\$589,107	\$650,000
Debt and Capital			
Principal & Interest on WTUA debt	\$3,069,400	\$3,190,000	\$3,112,250
Principal & Interest on PT debt	\$266,263	\$224,228	\$220,000
Investment			
Depreciation	\$1,375,881	\$1,284,555	\$1,250,000
Purchase of Capital Assets	\$676,166	\$394,834	\$500,000
Total Revenue Requirements	<u>\$15,122,544</u>	<u>\$15,676,736</u>	<u>\$15,250,694</u>
Surplus	-\$662,642	-\$179,729	\$0



 \$3.97/gallon (000s)



 +5.0%

Impact of a 5.0% Water Increase

UNIT TO CHARTER TOWNSHIP OF PLYMOUTH
 P.O. BOX 8000
 PLYMOUTH, MI 48178

RETURN SERVICE REQUESTED

ACCOUNT NUMBER: 03281 BILLING ZONE 3
 ADDRESS: 12005 DEER CREEK CT

DATE OF READING	*CODE	AMOUNT	
2/8/2017	AR	\$0.00	
11/01/2016	WC	\$56.70	
01/31/2017	SD	\$85.05	
READING		SWD	\$39.75
PRESENT	PREVIOUS	WTUA	\$39.21
513 A	498 A	SC	\$5.40

USAGE IN 1000 GALLONS
15

DATE DUE	AMOUNT DUE
03/20/2017	\$226.11
AFTER DUE DATE	\$237.42

KEEP THIS STUB FOR YOUR RECORDS

Check your Current Read
 against the numbers on
 the meter inside home.
 Contact us if they differ

\$59.54 (\$2.84 increase)

\$89.31 (\$4.26 increase)

Total - \$7.10 increase

3.1%

To Consider

Short Term

- Increase W&S Fees 5.0% Effective Immediately

Long Term

- Fixed vs. Variable
- Metering Sewage
- Increase Late Fees to 10% or 15%
- Adjust Benefit Fees (hurting development)
- Eliminate 25% Summer Sewer Credit (ordinance)

**CHARTER TOWNSHIP OF PLYMOUTH
BOARD OF TRUSTEES
STUDY SESSION
JULY 18, 2017**

ITEM E

WTUA UPDATE

AARON SPRAGUE

**CHARTER TOWNSHIP OF PLYMOUTH
BOARD OF TRUSTEES
STUDY SESSION
JULY 18, 2017**

ITEM F

SUPERVISOR AND TRUSTEE COMMENTS

**CHARTER TOWNSHIP OF PLYMOUTH
BOARD OF TRUSTEES
STUDY SESSION
JULY 18, 2017**

ITEM G

PUBLIC COMMENTS AND QUESTIONS