

AGENDA ADDENDUM

CONSENT AGENDA – Update

10. Tentative Bid Award – WTP Electrical Improvements. Updating the amount of the contract to maximize available grant funding.

COMMUNICATIONS – Additions

5. Scott J. Gould, City Attorney. Memorandum regarding Water Bill Assistance Programs.
6. Nathan R. Henne, City Manager. Memorandum regarding monthly water billing and shut-off elimination guidance.



MEMORANDUM

301 W. MAIN ▪ OWOSSO, MICHIGAN 48867-2958 ▪ WWW.CI.OWOSSO.MI.US

DATE: June 2, 2025

TO: Mayor Teich and the Owosso City Council

FROM: Ryan E. Suchanek, Director of Public Services & Utilities

SUBJECT: WTP Electrical Improvements Project Tentative Award

RECOMMENDATION:

Approval of the tentative award of the low responsive bid from CountyLine Utilities, LLC (Hope, MI) for the Water Treatment Plant (WTP) Electrical Improvements Project – Base Bid and Alternate 1 Feeders in the total amount of \$1,278,037.00.

BACKGROUND:

On May 20, 2025, the City received bids for the WTP Electrical Improvements Project. Work includes:

- Replacing two existing pole-mounted primary switches with new pad-mounted primary switchgear.
- Replacing two existing pole-mounted transformer banks with new pad-mounted transformers.
- Replacing an existing double-ended main switchboard with new outdoor double-ended main motor control center with a main-tie-main circuit breaker configuration in a walk-in electrical enclosure.
- Reusing an existing 300 KW standby diesel generator.
- Reusing an existing 3-pole, 600-amp automatic transfer switch.
- Reusing existing power distribution panels as indicated.
- Providing new conduit and wiring as indicated.

CountyLine Utilities, LLC is the confirmed low and most responsive bid and agrees to perform the work for a total cost of \$1,278,037.00. A resolution for tentatively awarding the WTP Electrical Improvements Project to CountyLine Utilities, LLC and tabulation of bids received is included for your consideration. The tentative award is required by the Drinking Water State Revolving Fund.

FISCAL IMPACTS:

The project is funded by the DWSRF in the amount of \$1,278,037.00 with expenses being charged to Water Fund Account no. 591-901-972.000-DWSRF788001.

ATTACHMENTS: (1) Resolution, WTP Electrical Improvements Project Tentative Award
(2) Bid Tabulation, WTP Electrical Improvements Project

Master Plan Implementation Goals: 3.4, 3.7, 3.8, 6.6

RESOLUTION NO.

**A RESOLUTION AUTHORIZING TENTATIVE AWARD FOR THE
WTP ELECTRICAL IMPROVEMENTS PROJECT
FOR WATER SYSTEM IMPROVEMENTS**

WHEREAS, the City of Owosso, Shiawassee County, Michigan, wishes to construct improvements to its existing water distribution system; and

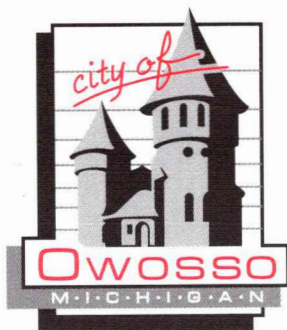
WHEREAS, the water system improvements project formally adopted on May 20, 2024 will be funded through the State of Michigan's Drinking Water State Revolving Fund (DWSRF) program; and

WHEREAS, the City of Owosso has sought and received construction bids for the proposed improvements and has received a low bid in the amount of \$1,278,037.00 from CountyLine Utilities, LLC; and

WHEREAS, the City of Owosso's Director of Public Services & Utilities, Ryan E. Suchanek, has recommended awarding the contract to the low responsive bidder.

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Owosso, Shiawassee County, Michigan that:

- FIRST: the City of Owosso tentatively awards the contract for the proposed 2025 WTP Electrical Improvements Project to CountyLine Utilities LLC contingent upon successful financial arrangements with the State Revolving Fund Program.
- SECOND: upon receipt of the DWSRF Bond Proceeds, the Mayor and City Clerk are instructed and authorized to sign, without further Council action, Exhibit A substantially as attached, as 2025 WTP Electrical Improvements Project in the amount of \$1,278,037.00.
- THIRD: the accounts payable department is authorized to submit payment to CountyLine Utilities LLC for work satisfactorily completed in an amount not to exceed \$1,278,037.00.
- FOURTH: the above expenses shall be paid from the Water Fund Account 591-901-972.000-DWSRF and 2025 DWSRF Bond funds.



301 WEST MAIN STREET • OWOSSO, MICHIGAN 48867-2958

MEMORANDUM

TO: City of Owosso
FROM: Scott J. Gould, Owosso City Attorney
DATE: May 29, 2025
RE: Legality of the City Accepting Donations for Water Bill Assistance Programs

QUESTION: Is it legal for the City of Owosso to accept and manage private donations for a water bill assistance program?

ANSWER: Yes

ANALYSIS

The City of Owosso may accept donations from its citizens to help other citizens who struggle to afford water services. Based on Michigan law and the City's local Charter, establishing such a program is generally permissible, provided the City implements specific legal and administrative safeguards.

The City of Owosso operates under the **Michigan Home Rule City Act (MCL 117.1 et seq.)**, which grants broad authority to cities to manage their own affairs, unless explicitly prohibited by the State Constitution or statutes. This Act does not restrict cities from creating programs that accept donations for public purposes.

Specifically, **MCL 117.3(J)**, part of the mandatory charter provisions, allows cities to expend funds or enter into contracts for "the public peace and health and for the safety of persons and property."

The **Owosso City Charter** further reinforces this authority:

- **Chapter 3, Section 3.1(a) (General Powers)** vests the City with all powers not prohibited by law, including the ability to manage its finances, enter into contracts, and "do any act... to advance the interests, good government, and prosperity of the city and its inhabitants; and protect the public peace, morals, health, and general welfare and the safety of persons and property."

- **Chapter 3, Section 3.2(7) (General Powers)** specifically permits the City to "receive, hold, and manage any property, whether real, personal, or intangible, in trust for... any other municipal purpose and applying the same to the execution of such trust."

PUBLIC PURPOSE AND RESTRICTIONS ON "GIFTS"

It's important to distinguish that the City would be receiving donations from citizens, rather than donating its own public funds to a private entity. Michigan law generally prohibits municipalities from making outright "gifts" of public funds to private individuals or organizations without receiving something of value or performing a clear governmental function in return. In this situation, the City acts as a steward of donated funds for a public service it already provides.

Ensuring access to essential services like water, especially for citizens facing financial hardship, is widely recognized as a legitimate public purpose. Preventing widespread water shutoffs not only addresses individual needs but also mitigates potential public health concerns for the entire community.

Furthermore, **Michigan Compiled Law (MCL) Section 123.905** provides explicit statutory authority for municipalities to accept donations. This section states that a municipality may "receive, own, and enjoy any gift of real, personal, or intangible personal property... for public parks, grounds, cemeteries, public buildings, or other public purposes, whether made directly or in trust, subject to the conditions." This statute clearly establishes a legal basis for the City of Owosso to accept gifts, including monetary donations, for a "public purpose" such as assisting with water bills.

IMPLEMENTING A DONATION PROGRAM FOR WATER BILLS

To ensure legal compliance and effective program administration, the City should develop and adhere to the following suggested or similar guidelines when considering a water bill donation program:

- **Transparency and Control:** The program must operate with transparency. All funds collected through donations must be under the City's direct control and oversight.
- **Designated Fund:** The City must establish a separate designated fund specifically for these donations, distinct from the City's general operating funds. This segregation ensures that donated monies are exclusively used for water bill assistance, preventing commingling and ensuring clear financial accountability.
- **Administration Policies and Processes:** The City will have to develop and implement a detailed policy and process for administering the program, covering:

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- **Solicitation and Collection:** Defining how donations will be solicited (e.g., an opt-in line item on water bills, direct mail campaigns, online contributions) and the secure mechanisms for collecting these funds. It is imperative that contributing donors be advised of the intended use of their donated money, specifically stating that the City has sole discretion over the disposition of these funds for water assistance and once donated, the City will not refund any money back to the donor.
- **Eligibility Criteria:** Establishing clear, objective, and publicly accessible criteria for citizens to receive assistance. The criteria could be based on income levels (e.g., federal poverty guidelines, area median income), documented hardship, or other relevant factors.
- **Distribution Method:** Outlining the method for distributing the assistance, such as direct credits to eligible citizens' water utility accounts.
- **Defaults and/or Violations:** Have rules for in the event a citizen receives assistance and either fails to comply with the provisions of the program or commits an act of fraud to attain assistance.

PRECEDENT FROM EXISTING ASSISTANCE PROGRAMS

The following programs demonstrate a recognized public need and are examples of municipal assistance:

- **Detroit Water and Sewerage Department (DWSD) Lifeline Plan:** An established income-based affordability program.
- **Low-Income Household Water Assistance Program (LIHWAP):** A temporary federal emergency program administered through the Michigan Department of Health and Human Services (MDHHS) and Community Action Agencies.
- **Water Residential Assistance Program (WRAP):** A program serving the Great Lakes Water Authority (GLWA) service area, offering bill payment assistance, arrearage assistance, and conservation measures.

CONCLUSION

The City of Owosso can, with careful adherence to legal requirements, establish a program to accept donations to assist citizens who cannot afford water services. However, careful consideration must be given to transparency, the segregation of funds, and the development of administrative policies to ensure the program's legality and effectiveness.

SJG



301 W. MAIN • OWOSSO, MICHIGAN 48867-2958 • (989) 725-0570 • FAX (989) 723-8854

DATE: May 30, 2025
TO: City Council
FROM: City Manager
SUBJECT: Water Shut Off Elimination and Monthly Utility Billing Analysis

Background

The City currently bills water and sewer customers on a quarterly basis. As part of a broader effort to improve customer service, streamline utility operations, and address concerns over water shutoffs for nonpayment, staff has evaluated the potential shift to monthly billing and elimination of service disconnections.

Monthly Billing Proposal

Current Costs:

Quarterly billing costs approximately \$21,052 per year for printing and postage. Transitioning to monthly billing would raise these costs to approximately \$63,155 annually using the current full-page bill format. This does not factor in the increased cost of postage scheduled for July, 2025 by the USPS.

Cost Management Options:

While switching to postcard bills would reduce costs, doing so would eliminate the City's ability to include newsletter inserts and other important information, limiting communication with residents. Cost for monthly postcard-style bills would be a little more than \$50,000 per year.

Billing Cycle Adjustments:

Monthly bills would be sent on the 1st of each month and due on the 15th. This contrasts with the current 35-day cycle under quarterly billing where bills go out at the end of the month and are due the 5th of the following month 35 days later. Monthly billing would also require shortening the delinquency period from 90 days to 30 days.

Customer Benefits:

Monthly billing offers residents more frequent updates on their water usage, helping manage consumption and budgeting. This may reduce demand for an online customer portal, which historically had a high cost for such low usage despite promotion.

Credit Card Fees:

To further promote online payments and customer convenience, staff recommends the City absorb the cost of credit card and ACH transaction fees. This is estimated at \$8,960 annually.

Implementation Considerations:

Transitioning from quarterly to monthly billing would present communication and logistical challenges. Residents would receive both a final quarterly bill and a first monthly bill in the same month, which could cause confusion. A phased rollout is possible but would be even more complicated and confusing for many customers.

Elimination of Water Shutoffs

Operational Impact:

Currently, the City spends approximately \$31,054 annually on water shutoffs, including labor, materials, and equipment rental. Eliminating shutoffs would allow DPW staff to redirect resources to other tasks, helping alleviate workload pressures.

Policy Recommendations:

- Water accounts should remain in the property owner's name to ensure accountability for unpaid bills. Otherwise, deposits (currently \$350) may prove insufficient after 2026–2027. We currently offer a choice to have water accounts in tenants name or property owners name. If shut offs are eliminated, staff recommends that council mandate that water accounts remain in the property owner's name. This would eliminate the need for deposits and alleviate some tenants' struggles to come up with the \$350 deposit.
- Even if shutoffs are discontinued, the City must continue sending shutoff notices to allow residents to access assistance through the Michigan Department of Human Services (DHS), which requires such notices for aid eligibility. This will be very confusing to ratepayers but it will be important to preserve this DHS assistance option.

Tax Roll Placement:

To recover unpaid bills without shutoffs, staff recommends placing delinquent balances on the property's tax bill twice per year rather than once. This approach spreads out the financial impact and aids cash flow but carries the increased risk that nonpayment could eventually result in tax foreclosure.

Conclusion

Transitioning to monthly billing and eliminating water shutoffs would modernize the City's approach to utility management and reduce burdens on both customers and staff. However, the changes come with increased administrative complexity and policy considerations that will require careful planning and public communication – requiring not just staff effort but substantial effort by councilmembers to educate the public. Staff seeks direction from Council on whether to proceed with further planning for these proposals.