

EPA sewage standards may prove costly

By MIKE SCANLON

The controversial and complex lawsuit filed against the Detroit Metro Water Board and its 78 suburban customers by the Environmental Protection Agency (EPA) boils down to this—your sewage bills are going up.

But there are still plenty of unknowns. The EPA is suing the water board, its customers, Wayne County and the state of Michigan—84 defendants in all—because it says Detroit failed to meet a July 1 deadline for compliance with EPA secondary sewage treatment pollution control standards.

The water board readily admits

At the moment, all parties involved are attempting to reach a consent decree before Sept. 30, the end of the federal fiscal year.

Both water board and EPA officials say that if an approved new rate structure is not in effect and new money

coming in by the end of the fiscal year, then Detroit will lose its claim to about \$300 million in federal grants.

Should that happen, either the water board will receive new, so-far nonexistent grants, or it will raise rates higher than the 180 per cent already agreed to by the water board of commissioners.

The Detroit City Council is scheduled to vote on that rate hike next Wednesday.

The hike approved by the water board of commissioners, which is composed of four Detroit representatives and three suburban representatives, is 180 per cent, or \$80 cents for disposal of 1,000 cubic feet—7,500 gallons—of sewage to \$1.72 immediately, \$2.08 by July 1, 1978, and \$2.52 by July 1, 1979.

The new rates would begin to be charged Sept. 1, but would be retroactive to Aug. 1.

Both the size of the increase and its retroactivity are the result of the suburbs, and since the suburbs are all co-defendants in the case, it takes only one of them to make reaching a con-

sent decree impossible. A consent decree requires that all parties involved agree to whatever stipulations are contained in it.

That one suburb may be Westland, where Mayor Thomas Taylor has said there is "no way" the city will give in.

One of the stipulations of the pending EPA grant is that local units of government pay 20 per cent of the total amount needed for new construction of sewage treatment facilities, which is the "local share" Kanders was referring to.

Some suburbs maintain that the 180 per cent proposed rate hike will produce more money than the water board will need, a charge at least in part based on the \$300 million in grants.

Kanders said the water board will need to sell \$90 million in bonds to meet that 20 per cent required by the EPA. The only kind of bonds the water board can issue are called "rev-

ene bonds," which must be paid off from money coming in.

In order to sell those bonds, the water board must have a rate hike. However, the proposed 180 per cent rate hike will generate \$1 million more than the amount needed to issue the \$90 million in bonds, Kanders said.

About \$2 million of the \$1 million excess will be used for operation and maintenance, Kanders said. The other \$9 million will be used as part of the local share, since bond requirements include a stipulation that "you must have excess money above and beyond the payback costs (of the bonds)," Kanders said.

Kallis added, "Detroit is by far the lowest (water fee) in the Midwest, and virtually throughout the country."

A spokesman for the Washington, D.C., office of the EPA said these are the requirements Detroit has failed to meet: suspended solids and "biochemical oxygen demand" (BOD), or microorganisms, can comprise no more than 30 milligrams per liter of discharge, which amounts to less than one-hundredth of an ounce of such things in a little more than a quart of water.

Released sewage must also have a pH factor, a measure of alkalinity, between six and nine, the spokesman said.

Golden City Attorney Ronald Mack, who is representing the suburbs, said, "In my judgment, it's either go along with Detroit or not go along with Detroit. And, in the long run, it might be more costly not to go along with Detroit."

Bill would eliminate unemployment debt

A bill introduced into Congress last week would eliminate the need for Michigan and other states with high unemployment to increase payroll taxes for unemployment insurance.

The proposal would provide federal funds to assist 35 states in paying unemployment benefits, by indirectly cancelling the state's share of the federal unemployment trust fund.

Due to high rates of unemployment, the states involved were forced to borrow heavily from the trust fund so they could meet increased demands for benefits by the jobless. The state of Michigan is now in debt to the fund for \$624 million.

Under current law, states are required to repay the trust fund by levying additional payroll taxes on employers.

"The problem with these additional taxes is that they would be levied on states where unemployment has hit hardest and in many cases is still at high levels. The effect would be to discourage industry in Michigan and contribute to even greater unemployment," said Rep. William Brodhead (D-Detroit), one of the bill's House sponsors.

The proposed Unemployment Cost Equalization Act, as it is known in the House, uses a "cost equalization" formula. For a state to be eligible for payments for a given calendar year, its unemployment rate that year must be at least six per cent. In addition, its benefit payments must have exceeded total payments in a designated base year.

A similar Senate version, called the Unemployment Compensation Reform Act, was simultaneously introduced by three Senators including Michigan Sen. Donald Riegle.

"All fifty states must share equally the burden of recession and unemployment," said Riegle. "Our bill will insure that no one state will be forced under by a system that penalizes those states most in need of assistance."

The new formula will have two major effects. First, it will prevent the recurrence of the situation in over half the states which must borrow until they have heavy deficits in their unemployment insurance funds. When the formula is triggered, the federal government will step in to assist hard-hit states.

Second, the bill contains a retroactive provision starting with 1974. This provision assists states such as Michigan, which have been particularly hard hit by unemployment and repay their debts to the unemployment trust fund.

Michigan owes \$624 million and would receive a \$708 million retroactive payment under the cost equalization formula. The excess \$84 million would go into the state unemployment compensation trust fund.

"I believe that this is absolutely necessary to redress the regional inequities caused by high unemployment," said Brodhead. "Without cost equalization, we will be pushing some states further and further into economic depression."

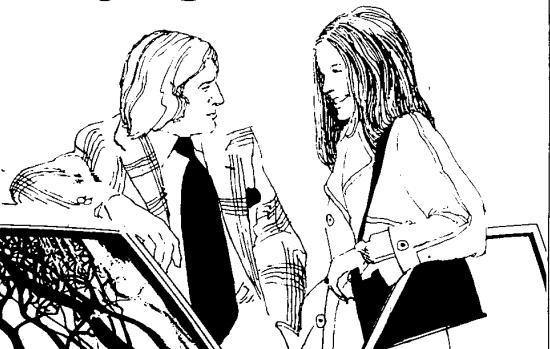


12 Oaks Mall to open

Twelve Oaks Mall, located in Novi, is scheduled to open Aug. 2. Featuring more than 40 million square feet of shopping space, the project cost three-quarters of a billion dollars. It was designed by

Gruen Associates, the same firm that designed Northland Center in Detroit.

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