

2 reps say suburbs subsidize Detroit water

By TOM LONERGAN

Are suburban users subsidizing cheaper water for Detroit residents? Two suburban state legislators made that charge during a special hearing in Livonia this week on new Dec. 1 water rates proposed by the Detroit Water and Sewerage Department (DWSD).

The rate increases, approved by the Detroit City Council in August, range from less than 10 percent to more than 100 percent for suburban wholesale customers. The systemwide average is 43 percent. Detroit's increase is 15 percent.

State Reps. John Bennett, D-Redford, and Jack Kirksey, R-Livonia, argued with DWSD Director Charles Beckham over why a proposed Detroit water rate of \$2.75 per 1,000 cubic feet of water was not \$3.07, which Beckham said is the actual cost of providing the water to Detroit residents.

"SOMEBODY IS picking up part of the actual cost of service to residents of Detroit," said Kirksey.

Bennett, chairman of a special eight-member legislative committee investigating the water rate hikes, said suburban customers were subsidizing Detroit users.

DWSD has 97 community water and sewer customers.

Beckham and a representative of Camp Dresser & McKee, DWSD's rate consultant, cited a 1917 state law and DWSD's "revenue requirements" as the reasons for the Detroit discrepancy.

The law, which Bennett has proposed be repealed, permits the city-owned water utility to charge suburban wholesale customers within 10 miles of its

borders at least the same rate Detroit pays but no more than double that rate.

Some suburban communities within 10 miles of Detroit borders, said Les Curtis, of Camp Dresser & McKee, would also be charged a wholesale rate less than actual cost, including Canton, Bloomfield and West Bloomfield townships and the city of Farmington Hills.

CURTIS SAID using a Detroit base of \$3.07 (or a \$5.14 maximum for near suburban customers based on the state law) would have led to \$2.3 million more than needed in suburban revenues.

Using a Detroit base of \$2.75 — which led to an automatic \$5.50 maximum for some near suburban cities — means the suburban revenue requirement wouldn't be exceeded, Curtis said.

DWSD's revenue requirements for fiscal 1981, according to Curtis, are \$31.9 million from the suburbs and \$33.5 million from Detroit.

"Whether Detroit is at \$2.75, \$3.07, \$1 or \$15, the revenue requirement from the suburbs is still the same," said Curtis. "It's not affected by the Detroit rate."

"We want the city of Detroit customers to pay their share," said Bennett.

"They are," Beckham responded.

The water utility's revenue requirements include a 10 to 11 percent rate of return, Beckham said.

"All the money goes back into the system," he said. "Money from suburban communities goes back to the suburban side of the books." He said "there is no subsidy to the (city) general fund."

OAKLAND COUNTY Drain Commissioner George Kuhn told the special

House of Representatives panel not to limit its study to the water rate hikes.

"The dimension of the problem is the overall Detroit water board and sewer department," said Kuhn, who has been leading a petition drive seeking a metropolitan takeover of the city-controlled water and sewer system.

"We think it's a regional operation," said Kuhn. "We should have regional control and regional management."

He asked the committee to consider his proposal for a metropolitan sewer and water board which would be appointed by the wholesale customers of

the system. Kuhn is seeking to put the question before voters in two years.

In his comments, Beckham agreed the issue was who controlled the system and rate-making decisions.

"We do not think regional service thereby means regional control," he said.

The seven-member water board, which includes suburban representatives from Oakland, Macomb and Wayne counties, is appointed and removed by Detroit Mayor Coleman Young.

A plan to have the three counties

nominate members for Young to appoint is under consideration.

DWSD officials have maintained the suburbs participate in the system through the present structure.

THE SPECIAL House committee will likely propose legislation once its investigation is completed. Bennett said he plans to propose DWSD be regulated by the state Public Service Commission.

A Bennett-sponsored House resolution that created the special committee was approved this summer after the water rate hikes were first announced.

Except for Matthew McNeely, of Detroit, the committee is composed entirely of suburban legislators: Bennett, Kirksey, Wilbur Brotherton, R-Farmington; Thomas Brown, D-Westland; Sylvia Skrel, R-Livonia; Richard Young, D-Dearborn Heights; and John Kelsey, D-Warren.

Bennett said the committee was appointed by House Speaker Bobby Crim.

Brown, McNeely and Kelsey didn't attend Monday's hearing.

The committee's third and last hearing is 10 a.m. Monday, Oct. 6, in the City-County Building, downtown Detroit.

Suburbs get small voice on water board

Detroit officials this week tentatively agreed to a minor change in how suburban members of the Board of Water Commissioners are selected.

In a closed conference Tuesday with U.S. District Judge John Feikens, city officials agreed that Mayor Coleman Young would select future suburban water board members from separate lists of three nominees each provided by the boards of commissioners of Oakland, Macomb and Wayne counties.

The appointments of suburban board members and their removal would be

subject to Feikens' approval.

The water board has seven members — four from Detroit and three from the suburbs. Under Detroit's city charter, all seven are appointed and removable by the Detroit mayor.

The new selection process won't take effect until later this month. It is expected to be formally agreed to in court on Oct. 23. The current three suburban representatives, chosen solely by Young, will serve their present terms.

THE FIRST appointment affected

would be the suburban seat from western Wayne County held by Charles Lind of Livonia, an officer with a United Auto Workers local. Lind's term expires next Feb. 14.

Terms of the other two suburban water board members — John Lamerato of Oakland County and Anthony Sanfemio of Macomb — expire in 1983 and 1984 respectively.

Since the agreement would only be in effect while the Detroit sewage treatment plant is under the receivership of the federal court, Lind's appointment

could be the only one affected.

Detroit Water and Sewerage Department officials said Tuesday the receivership may end during 1981.

OAKLAND COUNTY officials insisted the new procedure be written into the revised consent judgment agreed to earlier this year which extended the deadlines for the sewage treatment plant to meet federal anti-pollution laws.

Oakland officials also wanted Feikens to confirm all seven water board members.

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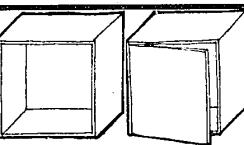
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