

Scio to pay city \$1.32 million - Sewer, water tap-in fees to Ann Arbor went unpaid for at least 10 years

Ann Arbor News, The (MI) (Published as Ann Arbor News (MI)) - June 16, 2005

- Author/Byline: JOHN MULCAHY
- Page: A1
- Readability: >12 grade level (Lexile: 1340)

News Staff Reporter

Scio Township trustees have approved paying \$1.32 million to the city of Ann Arbor for sewer and water tap-in fees that went unpaid for at least the last 10 years.

It appears that past township officials may have purposely withheld the money and the city didn't realize until last year that it wasn't getting tap-in fees from Scio. Officials from both the city and township believe the unpaid fees went back further than 10 years, but do not have the records to show it.

Approval to repay the money came Wednesday from the township board amid questions of how the fees could have gone unpaid for so long without anyone from either the township or city taking action.

"How bills can be confused between two entities which are supposed to be so smart, and be confused for so long, I don't know," Scio Township Trustee Charles Ream said before voting with the five other board members to pay the bills.

The tap-in fees are the amount property owners pay when they hook up to the sewer or water pipes. The township is required to pay of portion of those fees to Ann Arbor, from which it gets sewer and water service.

Apparently, the water tap-in fees, amounting to \$451,730, have been collected and earmarked for payment to the city ever since the township began getting water from the city. It appears the \$869,104 in sewer tap-in fees were not earmarked, and may not even have been collected, meaning the township's utilities budget will have to absorb the cost.

By several accounts, it was common knowledge at the township that the water tap-in fees were not being forwarded to the city, and it was not seen as a major issue.

Former township Supervisor E. Spaulding Clark said it had been the subject of periodic discussion with the city. Clark was supervisor from 2000 to 2004, but he was also township manager from 1996 to 2000.

"I don't think it came as any surprise to anybody," Clark said.

However, Sue McCormick, Ann Arbor utilities director, said she only discovered that the fees were unpaid early in 2004 as she reviewed utilities department finances. McCormick said she contacted Clark, and the two settled on the amount to be paid in September of last year.

Even then, no check was issued, and township Interim Manager John Hansen said he only discovered the unpaid bills about two weeks ago when he found two letters, dated Aug. 17 and Sept. 22 of last year, between Clark and McCormick in which they decide on the amount to be paid.

Hansen said the money for the fees would come out of water and sewer reserve funds which have millions of dollars in them. No short-term sewer projects such as maintenance will have to be postponed because of the payment, he said.

"It's just beyond belief that either party would allow that to go unresolved," said Hansen, who was hired in January by a newly elected township Board of Trustees.

Sandy Egeler, who has been the controller for the township for more than 13 years, told The News that the fees had not been paid since she had worked there. Egeler said former Township Manager Don McDevitt believed the fees were "not legal."

"Basically, the stand that was taken was we'll pay them when they ask for them," Egeler said.

McCormick said the city couldn't send invoices for the fees because only the township kept track of new customers hooking up to the sewer and water lines.

McDevitt said Wednesday that he could not remember specifics of the situation. He was township manager from 1985 until mid 1994, and oversaw the installation of the sewer and water system, he said.

"If we owed something to the city, I assume we paid it," McDevitt said. He said it was "not a matter of legal or illegal," but of whatever was in the contract.

In his Aug. 17, 2004, letter to McCormick, Clark says he believes the water fees were paid prior to 10 years ago, but that he has no idea why they were not paid after that. Clark also says that as far as he can determine, the issue of sewer tap-in fees ". . . has never arisen in all of the time that our system has been in existence," though he acknowledged the fees appear to be part of the contract.

Even after the agreement last fall, McCormick said she did not aggressively pursue payment because there was a process in place to get the money.

"I wasn't about to dun them because we recognized that we had an orderly process" to get the payment, she said.

McCormick said it would be "pure conjecture" for her to say how the failure to pay was missed by both sides. She suspects it could have been personnel changes at about the same time on both sides that caused a "disconnect."

McCormick said that after the November election, when a new administration took over, she notified the township about the fees. However, township Supervisor Charles Nielsen said he does not recall the letter and did not learn about the payment lapse until Hansen brought it to his attention.

Hansen said the money earned interest while it sat in the utilities account, but he could not say how much since it would have been invested along with other funds. In the settlement agreement, the city forgoes any interest on the money.

Even after the payment is made, the township will still owe tap-in fees for the nine months since the settlement was made, Hansen said. He said that amount will be calculated and paid forthwith.

John Mulcahy can be reached at jmulcahy@annarbornews.com or (734) 994-6858.

• *Record: 0415432435*

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