

## PROPOSED TESTIMONY OF AARON SPRAGUE

Mr. Chair and Committee Members: I am Aaron Sprague, and I serve as Director of Operations of the Western Townships Utilities Authorities or WTUA. WTUA acts as the agent of Northville, Plymouth and Canton Townships for purposes of their sewer interests in the Rouge Valley Interceptor System, a/k/a RVIS. These townships joined other Wayne County communities and the County in the early 1960s to create an interceptor system to deliver their sewage flows to the Detroit Water and Sewerage Department.

WTUA and its member Townships support House Bill 4033 which will require that a majority of communities that are served by a county managed sewer system to approve a sale, lease, transfer or other monetization of the sewer system assets managed by a county. This legislation is designed to protect the authorized sale or other transfer of sewer assets by Wayne County, even if such transfer is intended to cover a county's deficits.

This legislation reinforces important contractual, legal, financial and public policy considerations that would be undermined if a county facing financial woes can act unilaterally to sell, lease, transfer or monetize sewer assets.

FIRST, from a contractual standpoint, the RVIS agreement of 1961 did not grant Wayne County the exclusive right to transfer sewer system assets which were created for the benefit of specific Wayne County communities that depended on the sewer transportation system.

SECOND, from a legal standpoint, 1957 Public Act 185 did not clothe the County with exclusive or unfettered authority to sell sewer assets created for the benefit of multiple Wayne County communities.

THIRD, from a financial standpoint, the RVIS communities agreed to pay and in fact did pay, as well as pledge their full faith and credit primarily, for over 93 percent of the capital improvements necessary for the system's creation, and they have exclusively paid the operation and maintenance expenses ever since for the RVIS. In contrast, the County has contributed only a small percentage of the capital for the system and that was only for purposes of insuring sewer service for certain institutional capacity. Only, secondarily did the County provide its full faith and credit for the capital improvements.

FOURTH, from a public policy standpoint, a county should not be allowed to cover its fiscal deficit by attempting to "force" the communities to pay a second time for the sewer assets of the system at the risk of losing their legal, beneficial and equitable interests in the sewer assets. Wayne County's proposed fiscal strategy, if pursued, would force the ratepayers to pay more than the amount needed for the operation, maintenance and improvement of the RVIS, even though that was all that was intended when RVIS was formed. Such an increase in rates would not be for the purpose of covering the costs of the system but rather for the purpose of addressing County budget shortfalls created by imprudent decisions and actions unrelated to the sewer system.

IN SUMMARY, WE REQUEST YOUR COMMITTEE'S approval of HOUSE BILL 4033. I am available, along with WTUA's counsel, Charles Barbieri, who is seated next to me, to respond to any questions or comments of the COMMITTEE. THANK YOU.