

City of Alpena

News Release of April 27, 2017



City Water and Sewer Litigation

The City of Alpena and Alpena Township have been in litigation for nearly three years over the water and sanitary sewer rates the City has charged the Township. This litigation is complex and benefits no one. The City recognizes that the lawsuit should be resolved on terms that are fair to all rate-payers regardless of where they live. Last September, the Circuit Court issued an order that referred this lawsuit to a process of mediation. The Court Order listed the topics that were to be covered during mediation and the parties were to jointly select a mediator, who specialized in the setting of water and sewer rates.

Recently, the parties had an initial meeting with the selected mediator. During the meeting, it became clear that the selected mediator had an expertise on one method of setting utility rates (generally called the Utility Basis of Rate Making). Previously, the 26th Circuit Court had ruled that Michigan law does not require the use of the Utility Basis of Rate Making in this dispute. As a result, the City found the use of the selected mediator would neither be useful nor cost-effective. The September 19, 2016, Order of the 26th Circuit Court provided that the independent water and sewer rate expert would work with and mediate the issues pending in the lawsuit between the Township and the City. The issues to be resolved with the independent water and sewer rate expert were to include all of the issues raised by the pleadings in the case, including without limitation the appropriate water and sewer rates collected for past years and the method for determining future water and sewer rates. In addition, the mediation proceedings were to address the structure of the City and Township water and sewer systems. As the selected mediator did not address all of the issues in the Circuit Court's Order of September 29, 2016, the City has decided to end the mediation process. Consequently, the services of the selected mediator have been terminated by the City per the terms of the contract. Since the mediation process was to be confidential, it would be inappropriate to reveal any further detail regarding the first mediation meeting.

The City still believes that a resolution of the current lawsuit is in the best interests of everyone. Although the services of the selected mediator will no longer be utilized, the City will do its best to settle this matter by Court involvement, through the services of another mutually agreed upon mediator or direct discussions with the Township.

Please direct any questions to City Attorney, William A. Pfeifer (989) 354-8242

CONTACT

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