

Gull Lake Sewer & Water Authority

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MINUTES OF THE AUGUST 28, 2019 REGULAR BOARD MEETING

Authority Board Meeting

3:30 P.M.

CALL TO ORDER/ ROLL CALL: Chairperson Harma called the meeting to order at 3:30 P.M. Commissioners present were Lysanne Harma, Jimmy Stoneburner, Rob Baker and Wes Kahler. Also present were Executive Director John Crumb, Executive Assistant Anne Richmond, Charleston Township Supervisor Jerry VanderRoest, Engineer Paul Schram, Auditor Robert Loftus, Attorney Seth Koches representing the City of Galesburg, and customer Doug Penny. Attorney Rob Thall joined the meeting later.

REVIEW AND SET THE AGENDA: Stoneburner made the motion to accept the Agenda as presented. Motion was seconded by Kahler. **Motion carried; all ayes.**

MINUTES OF THE JULY 24, 2019 REGULAR MEETING: A motion was made by Baker and seconded by Kahler to accept the regular meeting minutes of July 24, 2019 as presented. **Motion carried; all ayes.**

MINUTES OF THE JULY 24, 2019 REGULAR MEETING-CLOSED SESSION: A motion was made by Kahler and seconded by Baker to accept the closed session meeting minutes of July 24, 2019 as presented. **Motion carried; all ayes.**

HEAR THOSE PRESENT (Non-Agenda Items): Richland Village resident Doug Penny expressed to the Board his opinion that the flat rate for sewer billing is not equitable to small households and asked that the Board consider a senior rate discount adjustment on sewer.

Auditor Presentation: Motion: Authorize Seber Tans to Submit FYE 3/31/2019 Audit
Robert Loftus from Seber Tans, PLC was present to review the results of the GLSWA audit for FYE March 31, 2019 with the Board. Auditor Loftus reviewed a summary of key GLSWA financial data in tabular and graphical form. GLSWA is financially strong and has significant assets relative to liabilities. GLSWA has \$0 bond debt. The Authority's total net assets increased by \$160,285 or 1.1% primarily due to the excess of capital asset additions over annual depreciation expense. Revenue, excluding SAW Grant, increased by \$165,000 or 12.1%. The Authority's operating revenue is stable with User Fees representing 75% of total

revenue, however, variation in industrial and purge flow revenue will impact the Authority's operating revenue. Expenses increased by \$117,000 or 6.1% primarily due to increases in Treatment Charges and Compensation. Compensation, Treatment Charges, and Depreciation make up approximately 86% of GLSWA's expenses. The monthly cost per REU is \$26.01. Absent depreciation, the Authority had a surplus of operating revenue over expenses of approximately \$70,000 in 2019. This compares to a surplus of operating revenue over expenses of approximately \$67,000 in 2018. Operations generated \$113,740 of cash flow in FYE 2019. The Seber Tans report on the GLSWA Financial Statements was unqualified (clean opinion). There were no management concerns to report. Mr. Loftus recommended that the Authority Board Members continue their diligence in reviewing key financial reports as separation of duties is limited due to the small size of the Authority's office staff. Stoneburner made the motion to approve the audit as presented and authorize Seber Tans, PLC to file the audit with the State of Michigan as required. Motion was seconded by Baker. **Motion carried; all ayes.** The Board thanked Robert for his work.

CORRESPONDENCE:

8080 N. 32nd Street Paid in Full; Credit Card Charges to be on Next Bill
Dale Thiessen paid the outstanding capital balance for the property at 8080 N. 32nd Street via credit card. The credit card fee charged to the Authority for this payment will be placed on the next sewer bill for 8080 N. 32nd Street.

56 Little Long Lake Engineering Estimate Shared with Owner
Crumb informed Dr. Mastenbrook that the \$330,000 cost estimate for the Little Long Lake Drive sewer project was too great a financial burden for both the homeowners and the Authority, therefore, the Authority will not be moving forward with the easement.

12735 East L Ave High Water Use Concern for July
Abnormally high water usage was noted for Target during July. Target informed GLSWA that their irrigation system was repaired and put into use. In addition, the fire system was repaired and the system had to be drained twice. This was noted on the account. The Authority submitted a figure based on historical data to the City of Kalamazoo for their billing purposes.

9050 Richland Woods Drive Letter Requesting Senior Rate for Sewer Service
Richland Village resident Doug Penny wrote a letter to GLSWA expressing his opinion that the flat rate for billing sewer is not equitable for small households and asked that the Board consider a senior rate for sewer billing. Crumb will follow up with Mr. Penny.

12346 N. Sherman Lake Drive Potential Septic Discharge Concern Shared
GLSWA shared a concern of potential septic discharge at 12346 N. Sherman Lake Drive with the Health Department.

NEW BUSINESS / PROJECTS UPDATE

CJ Cooper & Associates Motion: Approve Required Language-DA Policy
 The U.S. Department of Transportation's Federal Motor Carrier Safety Administrations Clearinghouse will become operational on January 6, 2020. FMCSA-regulated employers must be ready to comply with the Clearinghouse requirements on that date, including adding the required language to their FMCSA Drug and Alcohol Testing Policy. Crumb recommended that the Authority use current vendor CJ Cooper & Associates, which currently administers the Authority's Drug and Alcohol Testing Policy, to assist GLSWA in updating our current policy to include the required language for \$25. A motion was made by Kahler to authorize GLSWA to use CJ Cooper & Associates to comply with FMCSA requirements. Motion was seconded by Baker. **Motion carried; all ayes.**

Annual Delinquent Certification Authorize Certification to the Tax Roll
 A list of delinquent sewer use accounts for the annual certification to the local unit tax rolls was provided to the Board members for their review. As payments are made, GLSWA removes the account from the list. Kahler made a motion to approve the annual delinquent certification list as submitted on August 28, 2019. Motion was seconded by Stoneburner. **Motion carried; all ayes.** *The final delinquent sewer certification list will be sent to the Township Treasurers at the end of October to be put on the tax roll.*

City of Galesburg Motion: Approve Added Services to Interlocal Agreement
 The City of Galesburg Attorney Seth Koches was present to review the proposed Interlocal Agreement for Sewer and Water Systems Operations and Maintenance with the Board, including the list of Added Services to be included as Exhibit A. The proposed Interlocal Agreement will be reviewed at the City of Galesburg meeting on September 9. A motion was made by Stoneburner to authorize Executive Director Crumb to approve the Interlocal Agreement as reviewed if approved by the City of Galesburg Council without changes on September 9. Motion was seconded by Kahler. **Motion carried; all ayes.**

Pajay Payment Request Motion: Approve Payment Application 1
 Executive Director Crumb and Engineer Schram reviewed Payment Application 1 from Pajay for the 2019 Capital Improvements Project in the amount of \$71,416.80. A motion was made by Stoneburner and seconded by Baker to approve Payment Application 1 to Pajay in the amount of \$71,416.80. **Motion carried; all ayes.**

MERS Conference Motion: Approve Crumb as GLSWA Delegate to Conference
 A motion was made by Kahler and seconded by Baker to approve Executive Director Crumb as the GLSWA Delegate to the Annual MERS Conference. **Motion carried; all ayes.**

Charleston Township Tetra Tech Invoice Paid in Full
 Crumb notified Daniel Sopoci of Tetra Tech that GLSWA received payment in full for the pipe issue. Daniel thanked Executive Director Crumb, Field Superintendent Aaron Grogg, and the rest of the team.

- Projects-Miscellaneous 2018-2019 Various Projects and On-Going Work
- M-96 Pipe Lining-Update: Crumb reported that the straightening of the rail project interferes with our manhole. The project will be completed when the path is finished.
 - Richland Water Extensions-Update: The 30th Street Water Project is scheduled to begin September 3.
 - Gilmore Car Museum Update: Gilmore Car Museum is considering options.
 - CIP Revised Project Schedule: FM13 and FM 1 are yet to be completed.
 - Riverview – Status Update: Residents may be connecting to sewer prior to completion of the sidewalks.
 - Gull Lake Area Water Feasibility Study – The questionnaire will be emailed. Alan Smaka and Paul Schram will be meeting with Crumb to review numbers.
 - Gilmore Farms West – Status Update. Waiting water main completion on 30th Street.

Work Orders over \$750 Manager Plus Work Order System
 Work Orders Past / Adjusted + Reactive (344-367)

OLD BUSINESS: On Going

Crumb reviewed the current status of the items on the Master List.

FINANCIAL REPORT

Financial Report / Bills Paid + Payable / Engineering Billing

A motion was made by Stoneburner and seconded by Kahler to file the financial reports as presented and approve the standard bills paid through July 31, 2019.

Motion carried; all ayes.

After the arrival of Attorney Thall, the Board agreed to enter closed session. At 4:50 p.m. Kahler moved that the Authority Board convene in closed session under section 8(h) of the Open Meetings Act, to consider material exempt from disclosure by state statute, section 13(1)(g) of the Freedom of Information Act, being a letter from its attorney dated August 28, 2019, for reason that the letter is exempt from disclosure under State law due to the attorney-client privilege. The motion was seconded by Stoneburner. **Roll Call Vote: Kahler-aye; Baker-aye; Stoneburner-aye; Harma-aye; Motion carried.**

The Board resumed open session at 5:15 p.m. A motion was made by Baker and seconded by Stoneburner to accept the attorney's recommendation. **Motion carried; all ayes.**

CLOSING COMMENTS

Kahler noted that the donation of an Amphitheatre in Barry Township.

Crumb will provide an update on GLSWA's CIP project to Ross Township for inclusion in their newsletter. Crumb is considering a different IT Source.


ADJOURN.

Chairperson Harma adjourned the meeting at 5:28 p.m.

NEXT MEETING:

WEDNESDAY, SEPTEMBER 25, 2019, at 3:30 P.M.

Submitted for approval


Jimmy Stoneburner – Secretary