

# Gull Lake Sewer & Water Authority

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## **MINUTES OF THE FEBRUARY 19, 2009 SPECIAL BOARD MEETING**

Authority Board Meeting

1:00 P.M.

**CALL TO ORDER/ ROLL CALL:** Chairman Bither called the meeting to order at 1:00 p.m. Commissioners present were Jeff Bither, Jackie Light, Jim Stoneburner and Roger Turner. None absent. Also present were Director Rich Pierson and Office Manager Anne Richmond. Engineer Tom Wheat was absent.

**HEAR THOSE PRESENT (Non-Agenda Items):** Guest Kim Gildea, representing Crossroads Building Corporation, arrived later in the meeting for the Bay Arbor lien discussion.

### **CONNECTION FEE ISSUES:**

Rich Pierson provided an overview of the apparent "direction" of the courts and the issues that may be raised in further discussions with developers in the area. (See attached page 3)

### **LIEN DISCUSSION-RAMBLING TRAILS:**

A lien was placed on parcel number 3908-07-451-013 in 2003 based on the estimated cost to install public sewer to the Rambling Trails development. Mr. Escandon was obligated to make 10 payments to GLSWA and any unpaid amounts would become a lien on the property, to be collected through the Township delinquent tax process. As we enter the third year of delinquency, there is a greater possibility of the project going into foreclosure or bankruptcy. The Board discussed options the Authority could take to protect its interest. *Pierson to update the options based on the Board's input and this item will be discussed again at the February 26, 2009 meeting.*

### **LIEN DISCUSSION-BAY ARBOR:**

Kim Gildea requested that GLSWA release the liens for the Sewer Construction Contract payment on Units 11 & 12 of Bay Arbor so that he was able to obtain construction loans on those properties. GLSWA could then re-file the liens after Mr. Gildea received his financing.

After much discussion, a motion was made by Turner and seconded by Stoneburner to authorize the release of the liens on Lots 11 and 12 (\$4,356.41 each) subject to the following conditions:

1. Liens of \$13,069.23 would be re-filed on Lots 4, 11, and 12. On the sale of Lot 4, 11, or 12, \$13,069.23 would be collected and the liens on the remaining 2 lots would be released.

2. Mr. Gildea must submit proof of payment for delinquent 2007 township taxes.

**Motion carried; all ayes.** *Pierson to follow up with contract addendum that allows this action.*

## **CLOSING COMMENTS**

ADJOURN. NEXT MEETING FEBRUARY 26, 2009 at 10:30 a.m.: Chairman Bither adjourned the meeting at 3:16 pm

Submitted for approval

  
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Jacqueline Light – Secretary

The goal of today's Connection Fee discussion is to acquaint ourselves with the apparent "direction" of the courts and the issues that may be raised in further discussions with developers in the area:

- Review definitions and purpose of Connection Fees, both Direct and Indirect
- Rates and Fees must be based on actual costs
- We have several types of fees: User Fee, Debt Service Fees, Direct and Indirect Connection Fees.
- Operations, Maintenance, Management and Replacement costs are valid components in a user fee
- Once the capital costs are paid for or "covered" (ie. Gull Island) the court rulings would have one believe the next home constructed should not have to pay the equivalent assessment. If we charge the equivalent of the assessment in an ordinance Connection Fee, it must be based on "actual" direct or indirect costs to be valid.

Note: When we levy "assessments" upon an existing subdivision, due to the wording in the statute, we do not add an "indirect connection fee" component to the assessment.

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Conclusion 1: One of the easiest responses to the above would be to increase the user fees, adding a depreciation + a capital component while minimizing the Connection Fees, both Direct and Indirect. However, we believe our Direct and Indirect Fees are appropriately structured and do relate to actual costs that are caused by the growth of the system, therefore, the need to collect the Connection Fees to cover those costs.

Conclusion 2: We need to identify those costs, both past, present and future, that are related to growth, not "wear and tear", and keep accurate records of those costs, ensuring we are charging Connection Fees as equitable as possible, given our ability to see the future.