

Gull Lake Sewer & Water Authority

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MINUTES OF THE SEPTEMBER 26, 2013 REGULAR 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, Alan Bussema, Jimmy Stoneburner and Wes Kahler. None absent. Also present were Executive Director Rich Pierson, Executive Assistant Anne Richmond, and Engineer Tom Wheat. Robert Loftus and Monica Loegel from Seber Tans, PLC were present to review the audit for the Board.

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 AUGUST 22, 2013 REGULAR MEETING: A motion was made by Kahler and seconded by Bussema to accept the regular meeting minutes of August 22, 2013 as presented. **Motion carried; all ayes.**

HEAR THOSE PRESENT (Non-Agenda Items): None Present.

CORRESPONDENCE:

SSO Area Residents Letter Advising of Repair Work to Air Release Valve
Residents affected by the July 22, 2013 Sanitary Sewer Overflow were advised that GLSWA would be permanently repairing the pipe tap the week of 8/26/13 and that there was no possibility of leakage due to this.

Radiant Church 8157 E DE Ave Commercial Review: Left at 3 Units
During the Commercial Review, we had adjusted the user unit factor for Radiant Church from 3 units to 11 units based on water meter readings. Radiant Church informed us that they had discovered a water leak after the meter and after verification of an exterior leak, GLSWA agreed to leave the user unit factor at 3 units for now and review the data again in a year.

Radiant Church 8157 E DE Ave Private Property Staking Request
We were asked to stake the 6" private sewer line for Radiant Church so that their engineers/contractors could do soil borings. We were unable to find the metal locator pins on the cleanouts and therefore, were unable to locate the pipe accurately. We offered to camera the line for a \$170 fee so that in the future, we would be able to locate the sewer line for them.

Gull Lake Ministries Review of Residential Units + New Construction Plans
GLSWA met with Gull Lake Ministries (GLM) to review residential units and their new construction plans to see if they have “connection credits” due them for the single-family homes that have been removed. Take-aways are that Tammy (GLM) and Bonnie (GLSWA) will prepare a map and address list and we will advise GLM if we have been billing inappropriately. Pierson indicated to the Authority Board that if GLM could combine parcels, then they could remove single-family homes and construct new homes, duplexes or other (ie. Rec Center) and use the credits for reconnecting. *Pierson will try to make 4 or 5 large parcels from GLM's existing property holdings, update the map with how many sewer connection credits are on each of the parcels, allowing GLM to use the credits for new connections. Pierson will meet with our engineer and Township officials to make sure that combining existing parcels is the right thing to do with no repercussions to GLM or the Township.*

Legris – Tamarisk Circle “Sellers” Prior Seller Paid Sewer Use Bill for 15 months
In March of 2012, Mr. Legris purchased a house from Mrs. Ruis. We did not receive a title company call on this and continued to bill Mrs. Ruis. Mr. Legris recently sold the house and when the title company called us, we discovered that Mrs. Ruis has paid the sewer use bill during the time Mr. Legris owned the home. We wrote a letter to inform Mr. Legris of this and ask that he reimburse Mrs. Ruis if she had unknowingly been paying his sewer bill.

Zoetis – Sewer Meter Inaccuracy Additional Correspondence
Zoetis provided additional updates regarding meter correlation.

Livermore, Michael Forcemain Assessment Followup
We met with Mr. Michael Livermore of Pure Technologies to review tools and procedures for assessing the condition of forcemains. Mr. Livermore is going to share our forcemain data with his engineers and set up a conference call to discuss the best methodology.

NEW BUSINESS:

Audit Presentation Annual Audit Presentation + Authorization
Robert Loftus and Monica Loegel from Seber Tans, PLC were present to review the results of the GLSWA audit for FYE March 31, 2013. 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 continued to pay debt ahead of schedule and has enough cash on hand for new sewer construction or capital improvements. Contributed capital has been decreasing in the last few years as construction has slowed down and depreciation expense has remained steady at approximately \$470,000 each year. This has resulted in a decrease in Net Assets for the Authority. Compensation, Treatment Charges, and Depreciation make up approximately 87% of GLSWA's expenses. “Base” revenue (excluding

industrial and purge flow revenue) is approximately 68% of total revenue. Any variation in industrial and purge flow revenue will significantly impact the Authority's operating revenue. Absent depreciation, the Authority had a surplus of operating revenue over expenses of approximately \$154,000 in 2013. This compares to a surplus of operating revenue over expenses of approximately \$21,000 in 2012. There were no management concerns to report. Mr. Loftus recommended that the Authority Supervisors review key financial reports as separation of duties is limited due to the small size of the Authority's office staff. Kahler made the motion to approve the draft audit as presented and file the audit with the State of Michigan as required. Motion was seconded by Stoneburner. **Motion carried; all ayes.** The Board thanked Robert and Monica for their work.

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. Stoneburner made a motion to approve the annual delinquent certification list as submitted on September 26, 2013. Motion was seconded by Bussema. **Motion carried; all ayes.** *The final delinquent sewer certification list will be sent to the Township Treasurers in early November to be put on the tax roll.*

Personnel Policy

Changes for Affordable Health Care Act

Pierson informed the Board that our Personnel Policy should be updated to reflect that part time employees working 30 hours or more will be eligible to participate in the GLSWA health care plan per the Affordable Health Care Act. Board policy dictates if premiums are paid by the company or the employee. Currently, the company pays health care premiums for employees working 40 hours per week on a regular basis and including the director (subject to the State Cap).

Asset Management-SAW Update

Grant Status

The State has offered a grant program to do an assessment of utility assets. The purpose for an asset management plan is to identify our assets, their strengths, weaknesses, risk, their replacement timing, replacement costs, etc. We are applying for the grant through Prein & Newhof. December 2, 2013 is the filing deadline. Accepting the grant will obligate GLSWA to adjust our rates to "cover" 10% of any funding gap that the Asset Management plan identifies.

Mid-Year "State of the Sewer" Report Discussion

As a follow-up to the March 2013 Budget Workshop, Pierson reviewed the current "State of the Sewer" covering the following topics:

A. Financial

GLSWA is financially strong and has significant assets relative to liabilities. Any variation in industrial and purge flow revenue will significantly impact the Authority's operating revenue and we expect these flows to decrease in the future. Pierson recommended that the second of three approved rate increases proceed as scheduled

on October 1, 2013 (increase from \$70 per quarter to \$74 per quarter). Pierson reviewed and briefly discussed the current Financial Forecast.

B. System Overview + Asset Management

It is possible that portions of what we are planning to do (manhole + pipe inspection + GIS Coordination + Clean Water Elimination) will be grant eligible (See Asset Management-SAW Update above). While some of the inspection process may be grant eligible/reimbursable, the repair work is not. We are under-staffed to continue the inspections and the repairs. Pierson discussed costs and staffing necessary for proposed inspection and repair work. A more detailed plan will be presented in February 2014 with our draft budget.

C. Staffing Overview

Pierson reviewed our current structure and stated that the changes approved last March are working out well. Pierson recommended pay increases for the Field Supervisor and the Office Assistant. Stoneburner made the motion to approve the pay increases as recommended. Motion was seconded by Bussema. **Motion carried; all ayes.**

D. Information Technology

Pierson reviewed our current information technology applications, the capital/replacement + maintenance cost, and planned improvements.

E. Personnel Policy

We will review and update this in the near future for any necessary changes due to the Affordable Health Care Act.

F. Ordinance

We are proposing to implement ordinance changes to address the following: 1) Better definition of Permits, 2) Better definition of Storm Water, 3) Commodity Fee + Miscellaneous User Fee for Non-Compliant Sump Pump Owners, 4) Improved Requirements for Grease/Sand or other deleterious discharges into the system, 5) Provisions to require Water Meter on Sump Pump Discharge where owners add Chemical to Sump Pump Discharge. Pierson is not recommending ordinance changes at this time to inspect each upper lateral (building sewer) for each home as part of the Clean Water Elimination + Inspection Program. Bussema made the motion to finalize the ordinance amendment with Ken Sparks and take it to the municipalities in November for 12/1 implementation. Motion was seconded by Kahler. **Motion carried; all ayes.** *Pierson to provide a copy of the revised Ordinance to the Board prior to township review.*

37th Street Force Main Assessment Meeting with Vendors Regarding Forcemain Our 12" five mile forcemain is the highest risk asset GLSWA has and its condition should be evaluated, more than the spot-checking we have done over the last 30 years. GLSWA is researching how to do this and meeting with vendors / contractors regarding forcemain testing. Pierson indicated as this would be a high-dollar item, he will bring it back to the Board with a recommendation.

CMOM-Collection System Requirements Pending / Self Assessment:

CMOM stands for “Capacity, Management, Operations, and Maintenance” and is a framework for municipalities to utilize widely-accepted wastewater industry practices to better manage sewer collection systems. It is anticipated Michigan will adopt a requirement for public sewer systems to adopt and adhere to these practices. Self Assessment is on-going. *Pierson noted that some of these initiatives may be covered under the Michigan SAW grant that GLSWA will be applying for. The filing deadline is December, 2013.*

- Manhole Inspection/Inflow/Infiltration Project Update
Postpone manhole inspections + repair of piping until 2014- staffing issues/\$\$
- Gravity Sewer Pipe Videotaping Update
Determine level of repair, replacement.
- Forcemain Electronic Testing for Integrity Update
Prevent accidental discharge of wastewater.
- Clean Water Elimination: Issues, Policy and Procedures Discussion
Met with Attorney Sparks.
- Grease Ordinance + Enforcement Update
Grease elimination program enforcement. Met with Attorney Sparks.
- Weather Stations Installed Update
All weather stations installed (4 purchased); LS date-time stamp devices installed. Data has been sent to Prein & Newhof.
- CMMS-Computerized Maintenance Management System Update
Performance, inventory, pictures, etc.
- Connection Inspections + 4” Pipe Inspections Home Sale Requirement
There are approximately 800 homes around Gull Lake that were connected to sewer prior to inspections by GLSWA (1993 to present). The state plumbing division inspectors performed, based on our knowledge, only cursory inspections. We have found multiple significant deficiencies in these un-inspected connections recently (and historically). Pierson is contemplating a recommendation that the municipalities within the Authority district require each home sold in our district to have a complete camera inspection of the private building sewer, beginning within the home to the tap at the street. Such a policy would protect buyers from having problems and from contingent liability for the Authority that may occur, plus it would identify sump pumps, gravity stormwater connections and 4” pipes that have infiltration evident. *Pierson to continue to develop policy recommendations going forward.*

PROJECT UPDATE:

EF Ave Sewer-Old Plug Company Received Permission from City of Kalamazoo
This was constructed during the week of 9/3 and inspected by Prein & Newhof and GLSWA staff.

Air Release Valve Rebuilding Rebuild 10 Air Release Valves
As a result of the SSO incident with the galvanized nipple, GLSWA is rebuilding 10 Air Release Valves.

Concrete Repair Fix Driveways with Manholes
Two driveways with manholes in Cooper Township have settled causing cracked concrete + hazard to the owners. Pierson estimates the concrete repair will cost \$3,000.

Augusta-Forcemain Redirect Researching
Pierson is researching possibly redirecting the Augusta Forcemain near Galesburg High School into our gravity main to alleviate a low-flow buildup condition. *Pierson to report back on project cost.*

OLD BUSINESS: ACTIVE

Emergency Planning Potential Purchase
GLSWA needs to have fuel readily available in an emergency for the portable generators and for our vehicles. *Pierson will continue to investigate different options and inform the Board of his recommendation.*

Billing Software Upgrades Update
Investigating use of meter data to generate sewer use bills for customers with water.

OLD BUSINESS: INACTIVE

Televising 4" Building Sewers Discussion
Pierson is investigating if our charge for televising 4" sewer lines should be modified. He plans to use the Antero Work Order system to summarize our findings to date and make a recommendation. This is still in process. *Pierson to follow-up.*

Maintenance Software-Allmax Antero Work Continues; Not yet ready to demo
Pierson and Richmond continue to work on loading and generating work orders and will probably pursue more training with Allmax software.

D. Avenue West Project Invoice to Richland Village
Richland Village Council acknowledged the costs that GLSWA had requested for reimbursement (the cost of the Information Packets exceeding the planned 43 packets

(\$1,359) and 50% of the Engineering costs (\$482.25)). These are expected to be paid as part of the Road Project and we should receive the funds next Spring.

Entrance Sign-Landscaping Proposal Authorization for Landscaping-Sign
The landscaping proposal came in over the \$1,500 authorized by the Board. In order to meet the \$1,500 allowed, we will use in-house labor. *Pierson to continue investigating alternatives for a flag.*

Zoetis – Sewer Meter Inaccuracy Additional Correspondence
The current Sewer Assessment Agreement with Zoetis (formerly Pfizer) contains allowed maximum capacity for sewer discharge, unless additional connection fees are paid. A meeting was held on 6/17/2013 to discuss their current and future flows. *GLSWA and Zoetis are reviewing the issues that were discussed and will reconvene.*

Malpass, Sherman Lake Grinder Customer Sewer Back-up Liability Concern
Mr. Malpass is concerned about GLSWA's limited liability under the statutes for sewer back-ups for Grinder Pump customers where the tank, pump, and line to the street are publicly owned. *Pierson to discuss this issue with Mr. Malpass and present alternatives at a subsequent meeting to better serve our grinder pump customers if feasible.*

Kalamazoo Regional Water + Wastewater Comm. Update
The settlement was finalized on the FOIA case and the models were obtained. The review of the models and files is on-going.

30th Street Gravity Sewer-Future Design Completed; Need Easements
Per our 2008 agreement, GLSWA is obligated to construct necessary downstream infrastructure (capacity) to handle the Allen Edwin development and beyond, likely to involve a 30th Street force main and/or gravity sewer. *Pierson needs to obtain 7 easements prior to starting this gravity sewer project.* The project timeline is dependent upon the developer's build out of their phase II, which has not yet begun.

Lift Station Guide Rail Replacement Project Update
Lift Station #5 was done on 9/20/12; #16 was completed on 12/18/12; #13 was completed on 5/15/13; #8 was completed in June and #18 has recently been completed. We were budgeting for 3 per year.

Grinder Lines (37th Street Only)
There is a corrosion issue with ductile iron next to copper grinder line connections and these are being remedied (wrapped or replaced with plastic). *There are 4 in Charleston and 1 in Ross Township yet to do.*

Charleston Township Sewer Update on Rates: Begin Cost-Benefit Analysis
80 homes +/-, +2 pumping stations; Pierson to continue with cost-benefit analysis. Their sewer contract expires 2016.

Comstock Township Sewer + Water Update on Rates: Begin Cost-Benefit Analysis
Discussed briefly with incoming Supervisor, Ann Nieuwenhuis; Sewer contract expired.

Billboard/Purchase of Consumers Energy Property Pierson Met With Representative
Pierson met with a Consumers Energy representative regarding billboard removal and/or relocation.

1980 – 1990 Easement Releases Ongoing Project-coordinate w/ scanning files
Established format for filing easements.

Sewer Connection Fee Issues No response; \$8,700 Eng Fees not Paid
There has been no response from Attorney Ken Sparks letter to Attorney Swenarton as of yet. In addition, the developer still owes GLSWA engineering fees of approximately \$8,700.

Water Connection Fee Issues Ongoing Project
Plan to be developed for administering water connections for Richland Township and Richland Village in order to cost-average short-side and long-side taps to the water main, preventing one side of the road paying more than the other side (where the water main is located). *Pierson to make recommendations.*

Also, need to establish adequate connection fees to provide for the replacement of watermain in the future, as the Township owns the watermain. Pierson acquiring data on the assets.

Sherman Lake Easement-Clean-up and Check Review
Pierson to review easements and check for accuracy – file in GIS system.

FINANCIAL REPORT

Financial Report / Bills Paid + Payable / Prein & Newhof Billing
A motion was made by Kahler and seconded by Bussema to file the financial reports as presented, approve the standard bills paid, and pay the Prein & Newhof bill.
Motion carried; all ayes.

CLOSING COMMENTS

ADJOURN. NO OCTOBER MEETING IS BEING SCHEDULED. NEXT MEETING
THURSDAY NOVEMBER 21, 2013: 1:00 pm

Chairman Bither adjourned the meeting at 2:25 p.m.

Submitted for approval



Alan Bussema – Secretary