

Gull Lake Sewer & Water Authority

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MINUTES OF THE MARCH 31, 2011 REGULAR BOARD MEETING

Authority Board Meeting

1:00 P.M.

Prior to the start of the meeting, Pierson presented to the Board the plaque commemorating the Building Addition - Renovation that will be installed on the front of the building.

CALL TO ORDER/ ROLL CALL: Chairman Bither called the meeting to order at 1:07 p.m. Commissioners present were Jeff Bither, Jackie Light, Jimmy Stoneburner and Wes Kahler. None absent. Also present were Director Rich Pierson and Administrative Assistant Anne Richmond.

REVIEW AND SET THE AGENDA: Pierson handed out a more detailed agenda for items under New Business and proposed discussing New Business after all of the other items had been reviewed. Light made the motion to accept the agenda as amended by Pierson. Motion was seconded by Stoneburner. **Motion carried; all ayes.**

MINUTES OF THE FEBRUARY 24, 2011 REGULAR BOARD MEETING: A motion was made by Kahler and seconded by Light to accept the regular meeting minutes as presented. **Motion carried; all ayes.**

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

CORRESPONDENCE:

Fr: Greater Kalamazoo Board of Realtors Ground Water Sump Pump Inspection
In a memorandum to Dick Boris, Rich Pierson indicated our interest in pursuing with the Kalamazoo Board of Realtors an addendum to the Kalamazoo area buy-sell agreement to find and eliminate groundwater sump pumps connected to the public sewer which would include an inspection and sign-off by a qualified person. In response, Frank Mortl, III, the CEO of the Greater Kalamazoo Association of Realtors, has decided to publish an educational bulletin in their monthly newsletter.

To: Greater Kalamazoo Board of Realtors Ground Water Sump Pump Inspection
Pierson reviewed a draft response to Mr. Mortl with the Board. In the response, Pierson states that while GLSWA is appreciative of the education campaign, it is our belief that without point-of-sale inspections the issue will not be resolved long-term. In the near future, we will be determining the next steps with our legal counsel to require point-of-sale inspections in the Gull Lake area as a minimum, although our preference is that point-of-sale inspections would become the standard in the Kalamazoo area at-large. Stoneburner made the motion to authorize *Pierson to send*

the response to Mr. Mortl and to pursue making sump pump point-of-sale inspections a requirement with Attorney Sparks. Motion was seconded by Light. **Motion carried; all ayes.**

To: Jeff Sorensen Participation-Annual Generator Maintenance Cost
Per a request from Cooper Township Supervisor Jeff Sorensen, Pierson recommended that GLSWA pay approximately 1/3 (\$155) of the annual maintenance cost (\$470) for the generator at the Cooper Riverview Fire Station where we have our transfer radio set-up. The Board agreed by consensus.

To: Timothy Light Current Configuration of 4 Sump Pumps Accepted
Mr. Light's residence at 4078 East Gull Lake Drive was inspected for improper sump pump connections and found to be acceptable as currently configured.

Fr: Mike Gallagher Ground Water Sump Pump Not Connected to Sewer
Mr. Gallagher stated in an email to GLSWA that there is not a clean water sump pump attached to the sewer at 10670 Wildwood Drive.

Fr: Randy Curtenius Ground Water Sump Pump Not Connected to Sewer
Mr. Curtenius stated in an email to GLSWA that there is not a clean water sump pump attached to the sewer at 2748 Burlington Drive.

To: Jeff Sorensen Refinancing of Cooper's Sewer Debt
Cooper Township Supervisor Jeff Sorensen asked Pierson to look over a fax regarding the possibility of a local bank refinancing Cooper's sewer debt. Pierson recommended that Cooper get a second opinion from an accounting professional, understand the cash on hand, check if the savings meets the state criteria for refinancing and compare the cash flows going forward.

Fr: Mrs. Ted Hinchman Refusal to Grant Easement
Mrs. Hinchman is not granting an easement on her property at 218 East Gull Lake Drive for a sewer connection to 7811 N. 39th Street. Kevin Miller has agreed to provide an easement on his property. An additional easement would also be required on the property at 7801 N. 39th Street. *Pierson to pursue small triangle easement from Marglen Tanner at 7801 N. 39th Street.*

To: Dave Ash 1508 Midland Connection Fee
There was some question as to whether the connection fee was collected on 1508 Midland. After reviewing the file, we had noted (1985) a connection fee was due prior to connection but the receipt of the connection fee was not noted on the permit as is customary. Therefore, Pierson concluded we would assume that the appropriate fee was collected at the time of permit. This had been communicated to the owner, Mr. Ash, informing him we would not attempt any after-the-fact connection fee for the property.

Board's review, he suggested that the Board postpone consideration of wages and any proposed benefit changes until the April meeting, that we were proposing a budget that would allow for the Board to consider the various items in April.

Update – Review Meeting with Loftus-Auditor

Pierson provided an overview on the status of items discussed with our Auditor, Robert Loftus. GLSWA has had 5 good years with user revenues exceeding expenses. In 2010-2011, we are currently projecting revenues in excess of expenses of approximately \$100,000 (10%+/-). Pierson explained that when projecting ahead for 2011-12 and beyond, our revenues are expected to decline based on lower Purge Meter and Industrial revenues -- resulting in a near break-even year. Regarding reserve levels, we currently have approximately \$1.4 million with \$400,000 reserved for bond payments and working capital needs. We have identified uses for 90 % of the remaining \$1 million and believe \$1 million +/- is the minimum required for securing our long-term interests and our business needs as currently identified.

Regarding the user fee revenue and projected shortage, Pierson noted that until this last year, many significant repair/replacement items were capitalized, however, after discussions with our Auditor, he (and we) believe these items should more appropriately be expensed, especially as we continue to identify repair and replacement items with our manhole/pipe inspection program. Repair and Replacement items should be expensed and funds for these items should be in the user rates rather than utilize capital funds as we have previously. As noted, projected user fee revenues are not sufficient for projected expenses (that now include repair and replacement). Pierson noted we have sufficient capital funds to offset operating deficits for the next 18 months; however, we must plan to increase rates in late 2012 or early 2013, all things being considered.

Financial Forecasting-Projections

Pierson and Richmond reviewed the long-term financial forecast. As noted above, we are projecting we can cover operating deficits from cash reserves for 1-2 years but will need to raise rates in 2013-2014.

Personnel Policy-Proposed Revisions

Pierson noted the news media has been covering various state proposals to eliminate collective bargaining and reduce benefits for state employees. He noted we are not "state employees", are not funded by tax revenues, we have reasonable user rates in comparison to neighboring communities, we have a "lean" operation, have a stable economic base of customers, we do not have any union representation and we do not provide post-retirement benefits as many cities and state benefit packages do. He then reviewed the proposed revisions to the GLSWA personnel policy for the Board's consideration. These include: work day changes (optional for front office vs. field staff), vacation roll over and accumulation policy, holiday pay, medical insurance reimbursement and the incentive pay policy, all proposed to reduce costs and/or increase efficiencies.

MERS Direct Contribution Retirement Plan

Pierson discussed the goals of the retirement plan and estimated projections at different contribution rates. He asked the Board to consider moving the GLSWA Direct Contribution (DC) Retirement Plan from Nationwide to MERS due to lower fees as well as, he believed, better fund management, better fund choices and better agency representation. He also asked the board to consider a mandatory irrevocable employee contribution with a match by the employer. Richmond and Pierson handed out a chart of the options and costs for the board's future consideration.

Life Insurance + Disability Policy Change

Once we are represented by MERS in our DC retirement plan, GLSWA can receive the life insurance and disability insurance benefits from MERS (Standard Life) at a \$2,200 per year savings (>50%) from our current carrier Harleysville.

MERS Health Savings Benefit Plan

Once we are represented by MERS, Pierson will request the Board consider an employee funded MERS Health Savings Plan for post-employment use.

Employee Review and Wage Discussion

This will be discussed in more detail at the next meeting when employee reviews are completed. Pierson noted the published Cost of Living Index had been calculated to be 0.0%, even though groceries and gasoline prices had increased significantly throughout the past year. He handed out the existing and proposed wages worksheet and noted he had proposed, for the Board's consideration in April, pay increases that would offset the proposed mandatory employee contribution to retirement. *Pierson to check if it is possible to require a retirement contribution by the employees.*

Director's Contract

Pierson presented his contract and noted it is traditionally 'automatically' renewed year-after-year with a 2% pay increase, subject to a satisfactory review by the Board. He was asking for renewal of the Director's contract with additional vacation time in exchange for a reduced salary increase (1.5%). The proposed contract also contained minor revisions-clarifications for the Board's consideration in April.

2011-2012 Budget Request Approval of Revenue + Expense Budget

Pierson and Richmond reviewed the current fund and receivables balances. Richmond asked the Board to approve adjustments to some of the assessment receivable balances to better reflect their current status. This included a write-down of the M89 W#2 assessment receivable for both Richland Township and Richland Village to \$0. Stoneburner made the motion to accept the assessment receivable changes as recommended by Richmond. Motion was seconded by Kahler. **Motion carried; all ayes.**

Pierson recommended that the working capital account (checkbook balance) be adjusted to 25% of the Operations + Expense Budget and the balance of \$262,056 be transferred to the Replacement Fund. A portion of this fund will be used to offset

projected deficits in FYE 2012 and 2013 (\$50,000 +/- total), prior to a future rate increase.

Pierson reviewed the FYE 2011-12 budget beginning April 1, 2011. Expenses are projected to be \$1,097,828 as compared to \$1,087,061 of expenses for the year just ending. The proposed budget includes a new line item for expected repair and replacement of \$40,000 as discussed with auditor Loftus. He noted several categories of expenses that were reduced and several that could be adjusted based upon Board review of the personnel policy and other items in April. Revenues are projected to be \$1,092,769 and we are projecting a \$5,059 deficit using reserve funds to offset the deficit as needed. Stoneburner made the motion to approve the Revenue/Expense Budget of \$1,097,828 and transfer \$262,056 to Repair and Replacement. Motion was seconded by Light. **Motion carried; all ayes.**

PROJECT UPDATE:

Sump Pump Elimination Tracking

Additional Discussion

Pierson reviewed the current status of the clean water elimination tracker. He reported that GLSWA had received 4 new responses to our original sump pump inquiry sent in December 2010. *Pierson to resend the letter to those that have not responded and then determine the next course of action.*

Manhole Inspection/Inflow/Infiltration

Preparing Summary of Work Tasks

225 manholes / 1224 (1130 GL + 94); not including 96 cleanouts + 34 air release.

Pierson has summarized his findings and estimated the repair work to be done based on the manhole inspections to date. He is using this to prepare a summary of work tasks and estimates of cost with Tom Wheat -- to bid out the repair work in the spring/summer. Manhole checks will resume in the spring, 5/1/2011 +/-

Chemical Treatment of Forcemain

Electronic Testing of Ductile Iron Forcemain

GLSWA is evaluating whether to continue with chemical treatment or to fight odor complaints one-by-one after determining whether the forcemain has been damaged after 28 years in service. It will cost approximately \$1,000 to check the ductile iron pipe and determine if it has been damaged. If it has not been damaged, GLSWA is proposing to stop buying chemicals and handle odor complaints individually with charcoal filters.

Office Remodel & Improvements

Budget Update: There has been no change from the last meeting.

The final payment to FCC in the amount of \$2,000 is still on hold pending resolution of the lighting issue. Additional lamps have been purchased, but need to be tested at night.

Pierson is getting quotes for the purchase of an iron removal system and we are reviewing sign designs and flagpole options as the last items of the office reconstruction project.

Lift Station #42-Plugging Pumps Issue New Pump/Converter Ordered
Cooper Township approved the recommended option to upgrade one half of the station to three phase and purchase 1 new pump and run it in the lead position at an estimated cost of \$7,500. The new pump has been shipped and installation needs to be scheduled. We continue to have plugging problems with the existing pumps.

D Avenue West Project Spring 2011-Village reimb. if no grant
If there is no grant or if the grant is rejected for this project, Richland Village will reimburse GLSWA \$6,000 in the spring of 2011. At the February Board meeting, Engineer Wheat stated that there will not be a grant for the project at this time, but the project will be ready if there is an opportunity in the future. GLSWA will request reimbursement from the Village in May.

30th Street South Gravity Design Easement Pursuit
Easement pursuit to be accomplished by Pierson.

OLD BUSINESS: ACTIVE

Comstock Township Sewer + Water Update on Rates: Begin Cost-Benefit Analysis
Pierson has received customer information from Comstock and expects to complete a preliminary review of the Comstock information to share at the next meeting.

Charleston Township Sewer Update on Rates: Begin Cost-Benefit Analysis
Pierson has received customer information from Charleston and will review it at the next meeting.

Kalamazoo Regional Water + Wastewater Comm. Update
The Commission is moving forward on the rate and other issues. We have budgeted approximately \$10,000 for this year's dues (Ross, Richland Townships + Richland Village) and we expect dues at this level or greater for the ensuing year as well.

Easement for Jim Newman-above EGL Drive Hinchman "No"
The last option is to obtain a small triangle easement from Marglen Tanner with a second easement from Kevin Miller in order to be able to make the sewer connection to Mr. Newman's home.

Tammy England Home is for Sale
The Board directed *Pierson to place a lien on the property for the \$1,500.00 expended by GLSWA to repair Ms. England's septic system.*

OLD BUSINESS: STATUS UNCHANGED

CMOM-Collection System Requirements Pending / Self Assessment: On-Going
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. Self Assessment is on-going.

Gentry-High Ground Water Table Issues 30th Street – Legal Action Pending?
Tennie Gentry of 7873 N. 30th Street in Richland Township asked GLSWA and we provided information on historic water table levels. Pierson indicated the Gentry’s mentioned they are considering some type of legal action against the plat and that there is the potential GLSWA could be indirectly involved.

Purchase of Consumers Energy Property No Further Action
Pierson contacted Sandra Wigent of Consumers Energy about potentially purchasing Consumers Energy property lying adjacent to M-89, providing Consumer’s (and METC) keep an easement over the entire property for electric and gas transmission. Pierson received a response that it is unlikely that GLSWA can purchase this property as METC has first refusal rights. *Pierson will continue discussions with Consumers about the possibility of eliminating the billboard on the property as a minimum.*

Water Connection Fee Issues Ongoing Project
On-going project to review and establish appropriate fees in Township/Village. 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). Also, need to establish adequate connection fees to provide for the replacement of watermain in the future.

IT Improvements / Upgrades On-Hold
The approximate annual cost to GLSWA at an estimated 20% participation rate for the transaction fees to upgrade our Utility Billing Software to allow for credit card by phone at the front desk, allow for auto-debit from customers accounts, allow for credit card payments over the internet through the Utility Billing software, allow for credit card walk-ins, and allow for email bills to be sent to customers who prefer this type of billing is \$5,128. Other alternatives are being investigated. This item will be discussed at a future Board meeting.

Easement Releases Ongoing Project-coordinate w/ scanning files to GIS.

Personnel Policy Update Discussed Under New Business

Sewer Connection Fee Issues

No response; \$8,900 Eng Fees not Paid

There has been no response from Attorney Ken Sparks letter to Attorney Swenarton as of yet. In addition, Rosenberger still owes GLSWA engineering fees of approximately \$8,900.

Manholes on Pattiwood + Macywood

Completed-Invoices Sent

Tustin's lowered the manholes on Pattiwood at a cost of \$1,800. In addition, Tustin's repaired two manholes in the Village bike path along M-43: South of McDonald's (at a cost of \$675) and North of McDonald's (at a cost of \$735). The Village has paid for ½ of the total cost. Pierson sent a letter and invoice to Dave Woodhouse requesting reimbursement of the Pattiwood manhole repair cost. There has been no response.

FINANCIAL REVIEW/ PAY BILLS

A motion was made by Stoneburner and seconded by Kahler 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. NEXT MEETING THURSDAY APRIL 28, 2011 at 1:00 p.m.
Chairman Bither adjourned the meeting at 3:10 p.m.

Submitted for approval



Jacqueline Light – Secretary