

Gull Lake Sewer & Water Authority

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1

MINUTES OF THE SEPTEMBER 23, 2010 REGULAR BOARD MEETING

Authority Board Meeting

10:00 A.M.

CALL TO ORDER/ ROLL CALL: Chairman Bither called the meeting to order at 10:00 a.m. Commissioners present were Jeff Bither, Jackie Light, Jim Stoneburner and Wes Kahler. None absent. Also present were Director Rich Pierson, Administrative Assistant Anne Richmond, Auditor Robert Loftus, and Guest Michael Tackett from the Municipal Employees' Retirement System of Michigan (MERS).

REVIEW AND SET THE AGENDA: Stoneburner made the motion to accept the agenda as presented with the addition of one item under New Business to discuss treatment of Landlord/Tenant billing. Motion was seconded by Light. **Motion carried; all ayes.**

MINUTES OF THE SEPTEMBER 2, 2010 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:

Bruce Dean – Ross Township Zoning Admin. Extension of Site Plan Approval
GLSWA requested an extension until next summer to submit and receive a building permit for the Pole Barn.

Cynthia Farmer Sherman Lake Grinder Connection
Ms. Cynthia Farmer, owner of 5932 Sara, has requested connection to the public sewer as soon as possible. RJT and Cavalier Electric will be doing the work and installation is planned to be complete by the end of September.

Kris Nelson McDonald Street-Existing Customer w/ Septic Tank/Pump Up
The Nelson's were experiencing problems with their existing Septic Tank/Pump Up System and contacted GLSWA for assistance. GLSWA examined the plumbing configuration of the Nelson's and provided rough cost estimates for 3 options: A – Repair existing pumps in septic tank (\$1,000-\$2,000), B – Install a publicly owned grinder pump system (\$5,000-\$6,000), or C – Reconfigure plumbing and make connection by gravity (\$4,000-\$5,000). GLSWA recommended option C as the best long-term solution. The Nelson's chose to go with option A.

Michigan Lawn Irrigation Quote

Michigan Lawn was informed that GLSWA chose Maple Hill Sprinkling to perform irrigation work based on a quote that was substantially less than the quote submitted by Michigan Lawn.

Pat Doan 30th Street Mandatory Connection by Contract

Mr. and Mrs. Doan were reminded of their contractual obligation to connect to the public sewer by the November 1, 2010 deadline.

Kay Taylor email Farm House Next to Pfizer Farms

Ms. Kay Taylor, Buyers Agent for the farm house next to Pfizer Farms, was provided Sewer Connection Fee and Water Connection Fee information for 7682 Gull Road. The Sewer Connection Fee is \$9,048 and the Water Connection Fee is \$2,774. The proposed fees allow for a 330 ft front footage deduction for potential commercial splits. If there is an expansion in public water or sewer use, additional connection fees per "unit" would be levied, or if construction occurs north or south of the main structure, additional footage would be charged at that time.

PBS Investments-Smith Machine Constant Water Flow for Fish Tank in Bait Shop

As part of the manhole inspection process, an estimated clean water flow of 2-3 gal/min was observed in the dead end line that is located in the gravel drive of 12413 E. M-89. Investigation revealed a running toilet and pressurized clean water flowing constantly through the fish tanks at the Bait Shop. The owner was contacted and advised that the rate charged for sewer use would be increased dramatically unless the situation is corrected. The owner responded and expects the situation to be corrected by the end of September. *Pierson to update the Board when this has been corrected.*

Elaine McKay Letter of Clarification for Sump Pump Cooperation

Mrs. McKay was thanked for her cooperation to contact Brent Gould and move forward with sump modifications to discontinue having the footing drains discharge into the public sewer. *Pierson to update the Board when this work is complete.*

Wayne Millers Woodworking Letter of Understanding

The conference tables are partially unacceptable in their current configuration as the pedestals do not readily accommodate chairs and people. In addition, the table needs to be ½" higher and the casters need to be leveled. An agreement was reached with Mr. Wayne Miller to modify the pedestals.

NEW BUSINESS

Audit presentation – Seber-Tans Annual Audit Presentation + Authorization

Robert Loftus from Seber Tans, PLC reviewed the audited financial information for the FYE March 31, 2010. GLSWA is in a strong financial position in terms of capital assets relative to debt and is generating cash flow from operations. Absent depreciation, the Authority had a surplus of operating revenues over expenses of

\$119,471 in 2010. This compares to a (deficit) of operating revenues over expenses of (\$21,578) in 2009. Operating costs are significantly affected by treatment cost adjustments from the City of Kalamazoo (rate increases and/or “true up” charges). In fiscal 2009, the Authority received a “true up” (look back) treatment charge billing for \$107,039 and in fiscal 2010, the Authority received a “true up” billing for \$11,618. In fiscal 2010, the City of Kalamazoo raised the rate charged to GLSWA by 15.9%. The Board indicated their acceptance of the audit by consensus and Mr. Loftus will file the audit with the State of Michigan as required. The Board thanked Robert for his presentation.

During the audit presentation, Mr. Loftus emphasized that industrial and purge flow revenue are a significant portion of the Authority’s operating revenue. Industrial and purge flow revenue accounted for 27% of the Authority’s FYE 2011 budgeted operating revenue. As a follow-up to the audit presentation, Richmond presented a “what-if scenario” and an overview of the Authority’s current financial position should the two major customers cease operations. The worst case scenario could result in a \$4.14 increase in the monthly sewer use rate, but this is not expected. Pierson then reviewed potential long-term needs with respect to in-the-ground assets + lift stations, including the financial status of the Authority as of 8/31/2010 which reflects spending to date on the office remodel and improvements of approximately \$300,000. Even with the reduced new connections, the Authority anticipates remaining in a strong financial position with capital improvement funds to meet spending requirements over the long term.

Authority Retirement Plan-MERS Option Review of Questions & Concerns
Michael Tackett from the Municipal Employees’ Retirement System of Michigan (MERS) was present to answer questions and address concerns about the proposed MERS Defined Benefit retirement plan. *Pierson to determine if remaining concerns about the proposed MERS retirement plan can be resolved.*

Landlord/Tenant Billing

This year, GLSWA had notified landlords of unpaid tenant sewer use fees prior to these amounts going to the tax roll. GLSWA was contacted by 2 of the landlords who did not feel they should have to pay the penalty fees since they were unaware the bills were not being paid. The Board agreed to have Pierson waive one year’s penalty fees in these two situations. GLSWA will change the billing procedure so that owners receive a duplicate of the tenant’s delinquent notice so the landlord will know earlier in the process if the bill is not being paid.

PROJECT UPDATE:

Office Remodel & Improvements

Pierson provided a handout to update the Board on the Office Project budget and spending to date (including the pay estimate that follows). Pierson is confident the project will be completed on budget.

Pierson reviewed Change Order #32 which contained numerous items and is possibly the final adjusting change order. The total on this change order was a reduction of \$9,957.52. FCC also submitted Pay Request #7 for approval in the amount of \$12,584.05, leaving a \$30,508 balance as retainage.

Stoneburner made the motion, seconded by Kahler, to approve Change Order #32 and Pay Request #7 from FCC in the amount of \$12,584.05. **Motion carried; all ayes.**

Pierson updated the Board on the status of office furnishings, landscaping, irrigation, the sign and other items. Maple Hill was authorized to install the irrigation and this is expected to be complete on September 24. *Pierson to authorize Bruce Snyder of Gull Lake Landscape Company to proceed with the landscaping.*

D Avenue West Project

No Change in Status

30th Street South Gravity Design

Easement Pursuit this Fall/Winter

OLD BUSINESS: ACTIVE

Lift Station #1 Roof Project Leaking – Alternative Quote Received

The roof at Lift Station #1 currently has a leak. At the 9/2/2010 meeting, the Board had approved the Lift Station #1 Roof Repair project for an amount not to exceed \$5,300 and asked Pierson to get another quote. Pierson has obtained a quote from Division 7 and is comparing it with the Sherriff-Goslin quotes to make a final decision.

Manhole Inspection/Inflow/Infiltration 80 manholes / 1200

80 / 1200 manholes have been inspected. The manhole inspection project has been successful thus far with the limited inspections we have done. Through these inspections, GLSWA has discovered plugged lines, leaky/cracked pipes, and unauthorized use of the public sewer. Pierson presented the Manhole + Pipe Evaluation Tracking sheets to show the level of information that is being documented. *Pierson to provide monthly updates for this on-going effort.*

MDNRE – PPP Groundwater Pumping No Response from Mark Ducharme Yet
A possible adjustment of 10% less may be required based on empirical flow testing.
Pierson has contacted Mark Ducharme and requested a meeting to discuss this and get
a better understanding of state funding for PPP.

Manholes on Pattiwood + Macywood Proposal to do Pattiwood Street only
There has been no response from Mr. Woodhouse on the \$2,880 proposal to lower 9
manholes on Macywood (6) and Pattiwood (3). Pierson asked Tustin's for a quote to
lower the manholes on Pattiwood only.

Dunigan Brothers Shurtz Connection on the Island
An invoice was sent to Dunigan Brothers requesting reimbursement to the Authority
in the amount of \$666.50 for pipe and labor to complete a sewer connection of the
guest cottage at 123 Gull Island. Pierson had asked Dunigan Brothers to make the
connection since it was not done correctly (and they had been paid for allegedly doing
the work) but they indicated it was not their responsibility to do the work. GLSWA
corrected the problem by hiring another company and invoiced Dunigan Brothers for
the work.

McKay Sump Pump Awaiting Modifications by Brent Gould
See Correspondence Section – Elaine McKay

OLD BUSINESS: STATUS UNCHANGED

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.

Charleston Township Sewer Ongoing Project-reviewing existing list of customers

Comstock Township Sewer + Water Ongoing Project-review w/ Tim Hudson

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

Personnel Policy Update Tentative Changes for 2010
Pierson to review retirement plan / vacation policy / hours of operation and determine
if changes are needed.

GIS Improvements On-going project

Sewer Connection Fee Issues

No response yet

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.

FINANCIAL REVIEW/ PAY BILLS

A motion was made by Light 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.**

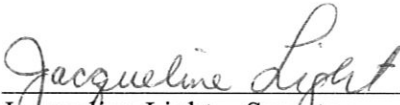
CLOSING COMMENTS

ADJOURN. NEXT MEETING THURSDAY OCTOBER 28, 2010 from 1:00-2:00 p.m.

Note: Board Luncheon at 12:00 p.m.; Open House between 2:00-3:00 p.m.

Chairman Bither adjourned the meeting at 12:00 p.m.

Submitted for approval


Jacqueline Light – Secretary