

FIFE LAKE AREA UTILITY AUTHORITY (FLAUA)

**Regular Meeting
Minutes**

**Thursday, May 18, 2017, 6:00 p.m. 231-879-3565
Fife Lake Village Hall, 616 East Bates Street, Fife Lake, MI 49633**

CALL TO ORDER: President Lisa Leedy called the meeting to order at 6:02 p.m.

ROLL CALL: President Lisa Leedy called Roll.

Present: Lisa Leedy-President, Tom Gray-Vice President, Jodi Velez- Treasurer, and Commissioners Linda Forwerck, Marilyn Hayes, Jim Gifford, and Ron Broering,

Absent: Leigh Gifford-Secretary and Commissioner Jonathan Rose.

Others in Attendance:

Mr. Kent Gerberding, Attorney, Running Wise & Ford, PLC
Messrs. Ben Kladder and John DeVof, Fleis & VandenBrink Engineering
Mr. Ray Ravary, FLAUA Compliance Officer
Members of the Public

APPROVAL OF AGENDA: Requested additions to the Agenda under New Business:

- Request for Waiver of Late Fees
- Request for Purchase of Chain Saw and Rims for Company Truck

Board Action: Mr. Broering made a motion to approve the Agenda as amended. Ms. Velez seconded the motion.

VOTE: YEAS: All. NAYES: None. Motion carried.

SPECIAL ORDERS: Van's Lane Properties. Van's Lane citizens requested the opportunity to express their concerns about notification for required sewer hook-up.

Ms. Sharon Brown, 10992 Vans Lane, Fife Lake, MI: Ms. Brown spoke to the Board and guest Attorney Kent Gerberding of Running, Wise & Ford (RWF), who was present in the absence of Attorney Tom Grier, as he was unable to attend.

She stated that she has repeatedly appeared at FLAUA Board meetings informing the Board how affected sewer residents were notified of the hook-up requirements, that there was no Notification of Hearing for input and objections, and no letter had been sent to impacted properties. She provided Board members with a letter she penned dated May 18, 2017, a copy of the Michigan Legislature Public Improvements Act 188 of 1954 (Section 41.724a-Notice of Hearings in Special Assessment Proceedings), and opinion letters from Fife Lake Township, the Village of Fife Lake, and Springfield Township. She also distributed an example of a notification sent by East Bay Township to its residents.

Mr. Gerberding informed Ms. Brown and other members of the public in attendance the biggest distinction in this matter is that the project was NOT set up as a Special Assessment District. Had that not been the case, the users of the system would be required to pay the approximate \$6.5 million cost of the project (roughly \$13,000 each user account). The project was funded by a USDA grant and long-term loan.

To his knowledge FLAUA has complied with all required notices and procedures. He will confer with Attorney Grier, who has been working closely with the FLAUA, and ask him to provide FLAUA a detailed letter addressing:

- Description of the statutory authority under which the project was built and financed
- Verification whether all proper procedural notices were followed
- Notification compliance
- Procedural history
- Consult with F&V to inquire of the USDA as to, if any, latitude FLAUA may have to alter hook-up requirements

Mr. Ravary mentioned loan and grant programs that are available for hardship situations; this has been discussed at previous meetings. Ms. Leedy indicated this likely the USDA 504-L Grant Program for single family housing repairs,

loans, and grants. There is also information about this through NMCAA (Northern Michigan Community Action Agency). We submitted a letter of support when we first solicited for the grant. Once awarded, our citizens became eligible for the program. If residents awarded the 504 grant, monies are repaid from proceeds of the sale of the home. One citizen has taken advantage of this program for another matter, with success. A letter will be sent to the community regarding loan and grant programs by the Board Secretary.

Ms. Forwerck expressed several concerns:

- Her understanding was that the connection was to go to the lift station at the apartments down Van's Lane, and not to connect more users. She believes the Van's Lane connections were an afterthought rather than engineered. Mr. John DeVol of Fleis & VandenBrink Engineering confirmed the original engineering of the project was never altered. Mr. Gray noted the connection down Van's Lane is gravity fed resulting in several homes falling within the 200' distance to the line, which requires hooking up.
- She believes a new local business built their own system when they could have hooked up to the new system. Ms. Leedy re-stated their inquiry was well in advance of FLAUA pursuing the grant and loan for the project, and the company was ready to move on their project before we started proceedings.
- She believes the public relations on this matter have been deplorable and asked if there is any way to rectify this to mend hard feelings, as we all live in this community. She emphasized the sensitivity of the matter and believes if residents had been involved from the beginning, goodwill would not have been damaged the way it has been.
- She requested that questions posed to USDA not be biased in any way. Ms. Leedy indicated the attorneys will be making the inquiry.

Mr. Gerberding emphasized the fact that this project was not set up as a Special Assessment District, which would have otherwise significantly impacted the financial burden on residents.

Running, Wise & Ford will also communicate with F&V and USDA on this matter, an attorney response will be provided to FLAUA Board, and the letter will be available to residents.

ACCEPTANCE OF MINUTES:

Acceptance of Regular Meeting Minutes of April 20, 2017:

Mr. Gray made a motion to accept the Minutes of the April 20, 2017, Regular Meeting. Ms. Hayes seconded the motion. VOTE: YEAS: All. NAYES: None. Motion carried.

Mr. Broering and Ms. Velez abstained from the vote as they were absent at the April meeting.

OFFICERS' REPORTS:

Treasurer's Report – Financial Report of April 30, 2017, and Payment of Bills:

The Treasurer's Report was previously distributed to the Board.

Ms. Velez reported an approximate \$50 credit with AT&T remains on our account.

She received an invoice for the second half of the audit payment. Ms. Velez and Ms. Sawyer of H&R Block signed the formal letter approving the audit today; it will be available for review at the next meeting.

Mr. Gray inquired about an item on the P&L Operating Revenue Statement showing an Unapplied Cash Payment Income of negative \$2,178.45. Ms. Velez will investigate and inquire with Ms. Sawyer at H&R Block.

Mr. Ravary informed the Board he has requested Industrial Chem Labs not ship anymore degreaser as we have plenty. The current invoice of 4/19/17 for \$461.97 is correct. President Leedy requested Mr. Ravary send Industrial Chem Labs a letter to stating no additional order is authorized unless they have a written request from us.

Board Action: Mr. Broering made a motion to accept the Financial Report as presented. Mr. Gray seconded the motion. VOTE: YEAS: All. NAYES: None. Motion carried.

Payment of Bills:

Board Action: Mr. Broering made a motion pay the bills as presented. Mr. Gifford seconded the motion.
ROLL CALL VOTE: Hayes-Y, Velez-Y, Broering-Y, Leedy-Y, Forwerck-Y, Gray-Y, J. Gifford-Y. Motion carried.

Construction Draw Request #12:

Board Action: Ms. Hayes made a motion to approve payment of Construction Draw Request #12 in the amount of \$32,133.22. Mr. Broering seconded the motion.
ROLL CALL VOTE: Velez-Y, Broering-Y, Leedy-Y, Forwerck-Y, Gray-Y, J. Gifford-Y, Hayes-Y. Motion carried.

As far as remaining monies owed, Mr. Ben Kladder indicated approximately \$109,000 remains on Contract #1 to FHC, with approximately \$48,000 for additional for the purchase of a tractor and \$30,000 in engineering fees. With regard to total project monies, we are within \$1,000 of the total allocated project funds.

Ms. Velez reported the next Bond & Interest Loan payment is due June 1 in the amount of \$99,000. Funds are deposited to the account monthly and will be auto-deducted.

Board Action: Mr. Gray made a motion to authorize the bond & interest payment, due June 1, 2017. Mr. Broering seconded the motion.
ROLL CALL VOTE: Broering-Y, Leedy-Y, Forwerck-Y, Gray-Y, J. Gifford-Y, Hayes-Y, Velez-Y. Motion carried.

COMMITTEE REPORTS:

Personnel Committee: None.

Steering Committee / Operations Committee: Mr. Ben Kladder provided a status report. Contracts #2 and #3 are both closed. There are a few punch list items remaining on Contract #1. We are awaiting the spare pump for A-3. Baffle and Ferric repairs will take place next week. Elmer's completed the restoration items. The aeration system is back online. Contract #3 should be wrapped up shortly.

Compliance Officer/FVOP Report:

The Compliance Officer and FVOP Reports were previously distributed to the Board. There was no FVOP Report.

He believes his Certification is complete; as of yesterday it was pending.

Regarding our employee issue, Mr. Joe Burfield is interested in working here this summer. He is knowledgeable of the plant, equipment, and procedures. The other candidate is not yet 18, restricting him from using the chainsaw and other equipment.

Board Action: Ms. Forwerck made a motion to hire Mr. Joe Burfield on a part-time basis, up to 20 hours per week, at \$15.00 per hour to assist Mr. Ravary. Mr. Gifford seconded the motion.
ROLL CALL VOTE: Leedy-Y, Forwerck-Y, Gray-Y, J. Gifford-Y, Hayes-Y, Velez-Y, Broering-Y. Motion carried.

Mr. Ravary requested the purchase of a commercial grade chainsaw. He will review prices, product, warranty, and quality.

Board Action: Mr. Broering made a motion to purchase a chainsaw for up to \$600. Ms. Forwerck seconded the motion.
ROLL CALL VOTE: Forwerck-Y, Gray-Y, J. Gifford-Y, Hayes-Y, Velez-Y, Broering-Y, Leedy-Y. Motion carried.

Mr. Ravary explained the need for the purchase of new truck rims, as discussed at the last meeting.

Board Action:

Mr. Gray made a motion to purchase new rims up to \$300. Mr. Broering seconded the motion.
ROLL CALL VOTE: Gray-Y, J. Gifford-Y, Hayes-Y, Velez-Y, Broering-Y, Leedy-Y, Forwerck-Y. Motion carried.

A sprinkler head pipe is broken. He will get it repaired.

He suggested installing a mailbox at the plant as he is there most of the time now and cancelling the P.O. Box, resulting in a cost savings. Board consensus approved the suggestion. Sewer payments are sent directly to H&R Block.

He has finished the last of the diesel fuel for the Massey Ferguson.

He suggested a Personnel/Operations Committee meeting to discuss the issue of residents digging and disconnecting their lines. We need to ensure it is capped if it's on their property. He has suggestions for an Inspection and Disconnect Policy. He would also like request a Personnel Committee to discuss his employment agreement and accrued vacation.

CITIZEN COMMENT: None.

NEW BUSINESS: Mr. Ben Kladder and Mr. John DeVol were in attendance and provided a detailed overview of the Fleis & VandenBrink Asset Management Plan. They also distributed an Executive Summary. The MDEQ SAW Grant of \$700,000 required the development of an Asset Management Plan requiring five distinct areas:

- Asset Inventory
- Determination of Level of Service
- Identification of Critical Assets
- Development of Capital Improvement Plan
- Operations, Maintenance & Replacement Plan

The F&V Engineers discussed extensive field work and analysis; i.e, Televising & Smoke Testing, Manhole Assessments, Mass Flow Monitoring (MSM), Infiltration Testing (the permit has been amended, and is approved and current), Hydraulic Analysis and Computer Modeling, etc.

Additional items included:

- Determination of Preventative Maintenance
- Development of a Business Risk Model with the results of the analysis for repairs and replacement
- An Executive Summary and GAP Analysis
- Infrastructure Aging

Mr. DeVol reviewed the financial summary, analysis, and projections as prepared by Mr. Tom Traciak. Based on Mr. Traciak's projections, there are no projects anticipated between Years 1-6. Between Years 6-20 perimeter fencing and a sewer jetter are expected. In Year 2030 it is anticipated a polishing pond liner will be required, at which time the Authority would apply for grant monies.

The GIS System manages an enormous amount of information for us.

There are Operations & Maintenance (O&M) manuals on all equipment.

An annual inflationary increase is recommended, as operational expenses will increase.

This presentation was an overview; there is an extensive amount of data in the report which is available for review. This summary will be sent to MDEQ and will be published on their website.

Mr. Broering expressed to the Board and Messrs. Kladder and DeVol that they and Fleis & VandenBrink Engineering have done an excellent job throughout the entire project from technical knowledge and support to the high level of customer service they have provided. The Board was in agreement with his sentiments.

Additional New Business: A resident requested a late fee waiver due to a two-week hospitalization. After Board discussion, due to our by-laws and policy, late fees will not be waived. Ms. Velez will ask Ms. Sawyer to send the letter on file for non-waiver of late fees.

OLD BUSINESS:

Regarding the SAM & CAGE renewal per last month's meeting, this information was not yet available as of today. Regarding the Massey Ferguson tractor, Mr. Ravary will list that on Craigslist as time in his schedule permits.

COMMUNICATIONS: None.

CITIZEN COMMENT: None.

ADJOURNMENT: Mr. Broering made a motion to adjourn the meeting. The meeting adjourned at 8:11 p.m.

Submitted by: Kay Z. Held, Recording Secretary