

FIFE LAKE AREA UTILITY AUTHORITY (FLAUA)

Regular Meeting

AMENDED

APPROVED MINUTES

**Wednesday, November 15, 2023, 6:00 p.m. 231-879-3565
Fife Lake Township Hall, 134 Morgan Street, Fife Lake, MI 49633**

CALL TO ORDER: President Tom Gray called the meeting to order at 6:11 p.m.

ROLL CALL: President Tom Gray called Roll.

Present:

President Tom Gray, Vice President Marilyn Hayes, Secretary Leigh Ann Gifford, Treasurer Jodi Thayer and Commissioners Tom Hempsted and Sandi Howell. A quorum was established.

Absent:

Commissioner Ron Broering
Commissioner Gerianne Street

Others in Attendance:

Ray Ravary, Compliance Officer
Ms. Kay Held, Recording Secretary

APPROVAL OF AGENDA:

-Add Ms. Amanda White from MI Rural Water Association (MRWA) to "Guests" for Rate Review Report.

Board Action:

Ms. Hayes made a motion to approve the Agenda as amended. Ms. Thayer seconded the motion.

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

ACCEPTANCE OF MINUTES:

Acceptance of Regular Meeting Minutes of October 18, 2023:

Board Action:

Ms. Hayes made a motion to accept the Minutes of the October 18, 2023, Regular Meeting as presented. Ms. Thayer seconded the motion.

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

TREASURER'S REPORT:

Treasurer's Report – Financial Report of October, 2023, and Payment of Bills:

The October, 2023, Treasurer's Report was distributed in advance of the meeting for Board review.

Treasurer Thayer also reported:

Budget YTD nine months into the year should be at 83.3%.

Gross Income is at 96.55 % YTD.

Total Expenses are at 78.32 % YTD.

There are funds that can be moved to balance the budget and adjust for a couple of higher line items.

Operating Supplies were high; there is \$4k that can be moved to Machine Equipment and Repair.

There are currently 567.8 REUs.

Board Action:

Mr. Hempsted made a motion to accept the Financial Report as presented. Ms. Gifford seconded the motion.

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

Payment of Bills: October, 2023, Bills Payable:

There was Board discussion regarding Bills Payable.

President Gray asked for clarification on a debit card expense on 11/3/23 for \$110 to Grand Traverse County. Per Compliance Officer Ravary, this was for USDA soil samples. This may be reversed as nitrates are being tested separately. There will like be another expense forthcoming for that.

Board Action:

Ms. Hayes made a motion to approve the Bills Payable as presented. Ms. Gifford seconded the motion.

ROLL CALL VOTE:

Howell-Y, Hayes-Y, Thayer-Y, Gray-Y, Gifford-Y, Hempsted-Y. Motion carried.

GUESTS:

Wastewater Technician Ms. Amanda White from MI Rural Water Association (MRWA) was in attendance at the meeting. Compliance Officer Ravary and Treasurer Thayer had met with her prior to the meeting.

Ms. White provided a comprehensive visual presentation to the Board as part of the Rate Study, reviewing the FLAUA system, age, data, financials, debt, liquid, bond and interest, ROI, reserves and equipment as well as short- and long-term assets, maintenance expenditures and future operating costs.

She provided detailed spreadsheets regarding all information and fielded questions from the Board. The Bond commitment, monthly expenditures, revenues, etc., were presented.

There has been no rate increase since the system was re-developed in 2016. Additionally, no Cost of Living Adjustments (COLA) have been implemented. In the past three years alone, there has been a nearly 28% increase in operational costs, maintaining and enhancing infrastructure and building/maintaining adequate financial services for emergencies and future needs. Planned and required capital improvements were also discussed.

Ms. White's analysis focused on maintaining operations. She demonstrated how budget amounts can be reallocated to other appropriate funds or accounts; however, forward planning still needs to be made.

From 2020-2021, bills increased 8.6%. From 2021-22, bills increased 10%. In 2023 YTD, bills increased 11%. While these expenses rose, rates did not.

There are numerous capital improvement needs in the future including the headworks building, solar power, manhole assessment, redundant A-4 pump, lean-to storage building for equipment, CCTV of system (an asset management requirement). The lagoon sludge removal liner is a required equipment maintenance item; its cost is currently projected at \$4.5 million.

There will be numerous equipment replacement needs including lift stations/pumps, radios/electronics, sensors, transducers, floats, aerators, valves, generator, blowers, tractors, vehicle, mower, irrigation, etc.

Ms. White's calculations included prospective rates to account for ongoing operations. It was noted there may be grant opportunities for certain items.

There was extensive Board discussion. It is not the Board's desire to increase rates; however, it is necessary to continue to operate the sewer utility system and provide service. It was agreed a rate increase needs to be instituted with

additional plans for a COLA. System users will be educated on the matter; information will be provided beginning in the December billing. Treasurer Thayer will draft a notification for the Board to review. Notifications will be made in the December, January and February invoices.

Board Action:

Mr. Hempsted made a motion to increase the monthly FLAUA rate to \$70 per REU effective January 1, 2024, with future annual COLA increases of at least 4% each year beginning January 1, 2025. Ms. Hayes seconded the motion.

ROLL CALL VOTE:

Hempsted-Y, Howell-Y, Hayes-Y, Thayer-Y, Gray-Y, Gifford-Y. Motion carried.

Ms. White will forward a revised copy of the report and projections at a monthly REU rate of \$70.

COMMITTEE REPORTS:

Personnel Committee: No meeting. No report.

Part-time employees Mr. Michael LeFavre and Mr. Terry Terbeek were provided their 90-day evaluations by Compliance Officer Ravary. The evaluations were forwarded to the Board and discussed at the meeting.

Board Action:

Ms. Thayer made a motion to increase pay rates for both part-time employees, Mr. Terry Terbeek and Mr. Michael LeFavre by \$.50/hour effective in the next pay period.

Ms. Howell seconded the motion.

ROLL CALL VOTE:

Gifford-Y, Hempsted-Y, Howell-Y, Hayes-Y, Thayer-Y, Gray-Y. Motion carried.

Compliance Officer/FVOP Report: The Compliance Officer Report was distributed in advance of the meeting.

CITIZEN COMMENT: None.

NEW BUSINESS:

Open Bids for Auditor & Accounting:

RFQs were put out for Auditor and Accounting agreements. Treasurer Thayer opened each sealed bid and Clerk Gifford copied and distributed to the Board.

Auditor:

Sealed bids for audit services were opened by Treasurer Thayer and distributed to the Board. Bids were received by:

UHY, LLP, PC (formerly Baird Cotter & Bishop)

Gabridge & Company

The FLAUA has worked for several years with Gabridge and Company. Treasurer Thayer has also worked with UHY in her role as Springfield Township Clerk. While their processes vary, their audits are equally facilitated in a smooth process.

The Board compared each quote's fees and services. Both bids are "not to exceed" bids.

UHY:

\$6,500 year 2023

\$6,850 year 2024

\$7,550 year 2025

Hourly fees \$120-280/hour for partner/manager/senior staff services.

Gabridge:
\$9,250 year 2023
\$9,400 year 2024
\$9,600 year 2025

Hourly fees \$250-360/hour for partner/manager services and \$60-90/hour for CPA fees.

Board Action:

Ms. Thayer made a motion to accept the sealed bid for audit services for the next three-year period beginning December 21, 2023, from UHY, LLP, PC not to exceed \$6,500, \$6,850 and \$7,550 for respective years 2023, 2024, 2025. Ms. Gifford seconded the motion.

ROLL CALL VOTE:

Gray-Y, Gifford-Y, Hempsted-Y, Howell-Y, Hayes-Y, Thayer-Y. Motion carried.

Accounting:

One sealed bid for accounting services was received by H&R Block (C&T Management, LLC). Treasurer Thayer distributed it to the Board. There was Board discussion.

Board Action:

Ms. Hayes made a motion to accept the sealed bid submitted by H&R Block (C&T Management, LLC) for a monthly fee of \$1,000 for the year 2024. Mr. Hempsted seconded the motion.

ROLL CALL VOTE:

Gray-Y, Gifford-Y, Hempsted-Y, Howell-Y, Hayes-Y, Thayer-Y. Motion carried.

90-day Employee Evaluations:

Mr. Terry Terbeek:
Mr. Michael LeFavre:

Discussed above with Compliance Officer's Report. Their evaluations are in the meeting packet.

Accept Board Resignation:

The FLAUA Board acknowledged the Fife Lake Township Board's acceptance of Ms. Gerianne Street's resignation.

OLD BUSINESS:

Motor Vehicle Driving Policy:

Treasurer Thayer provided a proposed Motor Vehicle Driving Policy as previously discussed.

Board Action:

Ms. Hayes made a motion to accept the Motor Vehicle Driving Policy as presented. Mr. Hempsted seconded the motion.

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

Rate Review:

Discussed under Guest heading.

COMMUNICATIONS:

Treasurer Thayer noted a Thanksgiving card was received by Fleis & VandenBrink.

CITIZEN COMMENT: None.

ORGANIZATIONAL CALENDAR:

Each item on the Organizational Calendar for this month was reviewed and discussed.

OUTSTANDING TASK LIST:

The Outstanding Task List was reviewed. New items were added for individual or Board follow-up.

Treasurer Thayer investigated why Operating Supplies was at 64% and whether anything was errantly posted into this line item. It is now up to 98%; assumption is Kennedy pump and repair bills, Ferric Chloride. \$18,500 was budgeted (\$18,195 spent). Equipment Repair & Maintenance was budgeted at \$14k; only \$3,500 has been charged (25%). A minimum of \$3,500 will be moved from Operating Supplies to Equipment Repair & Maintenance.

The Treasurer has reviewed this information with Ms. Emily Escajeda at H&R Block. There are times when an invoice is received; H&R Block would not be aware which of those accounts it should be posted to. Ms. Thayer will monitor this.

BOARD COMMENT:

There was Board discussion regarding forwarding Minutes to the three municipalities each month. Each month Recording Secretary Held will forward the approved Minutes to Fife Lake Village and Fife Lake Township Clerks. Treasurer Thayer will provide approved Minutes to Springfield Township.

ADJOURNMENT:

Board Action:

Ms. Thayer made a motion to adjourn the meeting. Ms. Howell seconded the motion.

VOTE: YEAS: All. NAYES: None.

The meeting adjourned at 8:03 p.m.

Submitted by: Kay Z. Held, Recording Secretary