

FIFE LAKE AREA UTILITY AUTHORITY (FLAUA)

Regular Meeting - Minutes

Wednesday, January 18, 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 6:00 p.m.

ROLL CALL: President Gray called Roll.

Present:

President Tom Gray, Vice President Marilyn Hayes, Treasurer Jodi Thayer, Secretary Leigh Gifford and Commissioners Tom Hempsted, Ron Broering and Gerianne Street. A quorum was established.

Absent: Commissioner Dave McGough.

Others in Attendance:

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

APPROVAL OF AGENDA:

New Business:

Remove: Adopt 2023 Budget
Add: Adopt Adjusted 2022 Budget
Add: Resignation of Commissioner David McGough

Communication:

Add: Business Credit Application

Board Action:

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

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

ACCEPTANCE OF MINUTES:

Acceptance of Regular Meeting Minutes of December 21, 2022:

Page1:

Under Treasurer's Report, first indented paragraph – change "installation of FLAUA signs on the building." to "installation of FLAUA upgraded LED lights on the building."

Page 2:

First Board Action: Correct "Hempted" to "Hempsted" who made the motion to accept the Financial Report.

Board Action:

Ms. Hayes made a motion to accept the Minutes of the December 21, 2022, Regular Meeting as amended. Ms. Gifford seconded the motion.

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

Mr. Broering abstained from voting as he was absent from the December 21 meeting.

TREASURER'S REPORT:

Treasurer's Report – Financial Report of December, 2022, and Payment of Bills:

The December, 2022, Treasurer's Report was distributed in advance of the meeting for Board review. An updated A/P was provided. Treasurer Thayer also reported on the following:

She ran and distributed the quarterly Modified P&L Statement.

The year-end P&L Statement shows a 2022 Net Income of \$85k. As previously discussed regularly, it does not account for our Bond principal payment; once that is calculated, the actual Net Income for the year ending 2022 is \$21,279.02 as shown on the Modified P&L Statement.

Board Action:

Mr. Broering 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: December, 2022, Bills Payable: There was Board discussion regarding Bills Payable. The following expenses/invoices were clarified:

- Summit Companies in the amounts of \$390 and \$70 (for fire extinguishers)
- Menard's for \$161.94 (built a rolling table with vice)
- Webstaurant Store for \$150 (for automatic toilet repair)
- John's Auto for \$190 (for radiator hose and one coil)
- Pioneer Diesel for \$687 (expenses we have been awaiting for the Mahindra tractor)
- Professional Pumps for \$874 (Ms. Thayer/Mr. Ravary will verify for what; they have sold us pumps for the lift stations)
- The Triple K Irrigation invoice was for sprinklers

Board Action:

Mr. Broering made a motion to approve the December, 2022, bills as presented. Mr. Hempsted seconded the motion.

ROLL CALL VOTE:

Street-Y, Hayes-Y, Thayer-Y, Broering-Y, Gray-Y, Gifford-Y, Hempsted-Y. Motion carried.

GUESTS: None.

COMMITTEE REPORTS:

Personnel Committee: No meeting. No report.

Steering and Operations Committee: No meeting. No report.

Compliance Officer/FVOP Report: The Compliance Officer Report was distributed in advance of the meeting. Mr. Ravary also reviewed the following with the Board:

AT&T is raising their bill by \$10/month.

Performance Engineering put him in touch with Silver Smith, a company offering a program via cell phone to utilize Trimble equipment through which we locate our leads. This system could eliminate the GIS system we got from Fleis that has never worked properly. He believes the cost is \$1,200-2,000 to transfer all data to that device and then \$1,000/year thereafter.

He has video on it that he will send to the Board and suggests they consider it. He had included this subject in his August report.

Mr. Ravary spoke with Kyle of Michigan Rural Water Association regarding the rate study and smoke test. He gave him a contact at NMC. The smoke test should be done in the spring. They will also be looking a rate study.

MissDig has switched from the Newton to the Pelican system. He received a recent notice from them requesting completion of classes he thought he already had taken. They are required by law. He has been completing 75 hours of classes to ensure compliance with MissDig. In one of the courses he took, he changed the outline of our system's area of operation. It better follows the contours around the lake and map, and includes the plant. The area will reduce charges for MissDig call-outs.

Mr. Jamie Kassuba from MIOSHA called and needs photos of our safety equipment and documentation showing that we have trained staff on safety equipment. Mr. Ravary responded and forwarded photos and confirmation of training. Mr. Kassuba responded that everything received was appropriate.

Mr. Ravary has started the Asset Management Champions Program, an asset management course Township Supervisor Gerianne Street nominated him to participate in. It is through the Michigan Infrastructure Council, and he received a scholarship from the Michigan Treasury Department to participate in the program.

His staff has been chipping brush for two days; however, he returned the chipper due to weather conditions. He anticipates one more day of chipping to finish up.

The Rigid charger for the battery operated tools broke. Home Depot carries them for \$160; however, it was not in stock. He purchased two drills, two batteries and a charger for \$99 instead.

The backhoe is down and won't go into gear. He has called Brad Birgy to look at it.

He noticed the Board discussed solar power at last month's meeting. He believes the large roof at the plant would be an ideal location. The outlay costs may be great; however, it could pay for itself in possibly ten years. More discussion is necessary.

He will call Spectrum to look at internet installation at the plant and possibly switch the cellular service. Current internet speed is very slow. Mr. Ravary would be able to save thousands of dollars Spectrum would charge by digging the trench for the accessibility.

He took a Financial Viability for Utilities class today through Rural Area DP. They have many classes available. He will send Treasurer Thayer a link as they have courses on Personnel Policies and other topics.

The old chain saw has ceased. He is reusing the chains and bars. Part-time employee, Tyler Vermillion, would like to buy the unit for \$20. There was Board consensus.

Mr. Ravary stated that we received a lot of asphalt grindings from Boyd Street that could be used on Evergreen Street, which is in very bad condition. If the Township could provide a dump truck, they could have these grindings as we are unable to use them. It could improve the street quality with minimal expense, utilizing existing materials. Mr. Ravary's three 1099 staff may be interested in an additional work opportunity to spread the material; he will provide their contact information to Ms. Street, who is also the Township Supervisor.

Mr. Ravary reported right now he does not have an employee who could replace/cover his absence. Mr. Chris Houghton cannot take that on given his other employment. He would like to meet with prospective candidates from the NMC Freshwater program and perhaps deliver a presentation there. As previously discussed among the Board and Compliance Officer, FLAUA needs and desires to have another trained and qualified individual to take Mr. Ravary's place due to short/long term absence or replacement. Perhaps they could start someone from this program as an intern.

Per his report, Mr. Ravary reiterated we need to purchase a Flash Protection Jacket. It is within his spending authority at approximately \$500; however, he wanted the Board aware of it. He already has the blast gloves. The jacket is an important and required piece of safety equipment.

There was Board consensus to add Solar Consideration to next month's Agenda.

CITIZEN COMMENT: None.

NEW BUSINESS:

Cyber Security Measures:

Treasurer Thayer spoke with H&R Block. As an H&R Block franchise, they utilize the WISP privacy policy, of which she has a copy. It covers anti-virus, anti-spyware, anti-phishing, firewalls and two-factor authentication login procedures. They have encrypted drives, virtual private networks, a shredding service they witness, as well as locks for all locations housing physical data. Their protections cover client data as well as their own. They have multi-level cyber security measures in place, including QuickBooks, which has its own security measures in place.

Treasurer Thayer stated Board Members only send documents that are utilized and available for public meetings through their personal emails. She believes appropriate and adequate cyber security measures are in place for FLAUA and that we are protected.

Jay Norris advised Mr. Ravary FLAUA's SCADA system is operated through three different cloud-based, encrypted servers and utilizes a two-part authentication process.

Mr. Ravary stated there has been a lot of discussion among the Michigan State Police, Michigan Rural Water Association, MUNI insurance, etc., regarding cyber security. The Rural Area DP (RADP) has emergency protocols for floods, etc. Numerous classes are available.

Review Audit Proposals:

We received audit proposals from Gabridge & Co. and Baird, Cotter & Bishop.

Treasurer Thayer reported we have been using Gabridge for approximately the past six years. Baird, Cotter & Bishop's proposal is approximately \$1,000-\$1,100 less annually than Gabridge over the proposed three years. It is unknown whether Baird is aware of the USDA audit requirements, which may be the impetus for Gabridge's higher rate.

There was extensive Board discussion assessing facets of each company's services, procedures H&R Block and Treasurer Thayer have in place with Gabridge, potential initial year costs from Block to adapt to Baird's process, the process to respond to any different procedures Baird may have, current working relationship with Gabridge, overall costs, etc. Pros and Cons related to each company were evaluated.

There is an efficient and effective process between Gabridge, Block and FLAUA and, given the present time constraints of preparing and providing records for the audit process to begin, there was Board consensus to grant a one-year contract for the 2022 Audit to Gabridge and distribute RFPs in the third quarter of 2023 moving forward.

Board Action:

Mr. Broering made a motion to retain the services of Gabridge & Co. for one year for the 2022 Audit in the amount of \$5,870. Ms. Street seconded the motion.

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

Note: This action supersedes last month's motion selecting Gabridge & Co. as our Auditor on the condition Baird, Cotter & Bishop did not submit a proposal. Because Baird, Cotter and Bishop did submit a quote, this Board Action was repeated.

Adopt Adjusted 2022 Budget:

Treasurer Thayer reported in looking at the Budget to Actuals for fiscal year 2022, she adjusted the following line items:

Insurance, Postage, Cell Phone, Internet, Operating Supplies, Truck Repair, Electric, Natural Gas and QuickBooks Payment Fee. These adjustments totaled \$4,624.85. Based on those adjusted increases, she decreased the Uncategorized Expense line item by that amount (\$30k was budgeted; \$10k was spent).

For all inflated labor; i.e., the fencing project, the Contracted Labor, Payroll Expenses Operating and Wages Operating line items were increased in total by \$14,663.95. Based on those adjusted increases, she decreased Contract Services by that amount (\$22,500 was budgeted; \$6k was spent).

All items are now adjusted at 100% of Budget and balanced.

Acknowledgement was given to Compliance Officer Ravary who saved \$40k in expenses for the re-fencing project by hiring 1099 and W-2 personnel and having the work done in-house versus going with an extraordinary quote from a professional fencing company. The Board expressed thanks and appreciation to Compliance Officer Ravary and his team for their efforts on this project, ultimately saving the FLAUA and their users a great deal of money.

Regarding requests for ARPA Fund requests, Treasurer Thayer reported she submitted letters requesting ARPA Fund consideration, attended meetings and made presentations at Fife Lake Township, the Village of Fife Lake and Springfield Township meetings.

-Fife Lake Township approved 40% of the requested \$40k

-The Village of Fife Lake is on Board and reviewing information. Approval is expected at the 40% rate.
-Springfield Township approved their traditional 20% rate.

The amount FLAUA spent on the fencing project will be reimbursed by our constituent municipalities through the distribution of their allocated ARPA funds. It is most appreciated.

Board Action:

Mr. Broering made a motion to adopt the Adjusted 2022 Budget as presented. Mr. Hempsted seconded the motion.

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

Resignation of Commissioner David McGough:

Correspondence was received from Commissioner David McGough informing the Board of his resignation from the Fife Lake Area Utility Authority. He represented the Village of Fife Lake. FLAUA still needs Board representatives from the Village of Fife Lake and Springfield Township.

OLD BUSINESS: None.

COMMUNICATIONS:

Business Credit Application:

Gilroy's Hardware of Fife Lake has requested an updated Business Credit Application naming FLAUA staff authorized to make store credit purchases. Those individuals will be:

President Tom Gray, Compliance Officer Ray Ravary and employees Chris Houghton and Jeremiah Bacon.

Ms. Thayer will return the application to Gilroy's.

CITIZEN COMMENT: None.

ORGANIZATIONAL CALENDAR:

Each item on the Organizational Calendar for January was reviewed and discussed. The Calendar was updated with some changes.

OUTSTANDING TASK LIST:

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

BOARD COMMENT: None.

ADJOURNMENT:

Mr. Broering made a motion to adjourn the meeting. Ms. Gifford seconded the motion.

VOTE: YEAS: All. NAYES: None.

The meeting adjourned at 7:27 p.m.

Submitted by: Kay Z. Held, Recording Secretary