

FIFE LAKE AREA UTILITY AUTHORITY (FLAUA)

Regular Meeting - Minutes

**Wednesday, May 18, 2022, 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 6:01 p.m.

ROLL CALL: President Gray called Roll.

Present: President Tom Gray, Treasurer Jodi Thayer and Commissioners Tom Hempsted, David Gill and Dave McGough. A quorum was established.

Absent: Vice President Marilyn Hayes, Secretary Leigh Gifford, and Commissioners Ron Broering and Jim Gifford.

Others in Attendance:

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

APPROVAL OF AGENDA:

Board Action:

Ms. Thayer made a motion to approve the Agenda as presented. Mr. Gill seconded the motion.

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

ACCEPTANCE OF MINUTES:

NOTE: Secretary Gifford arrived at 6:05 p.m.

Acceptance of Regular Meeting Minutes of April 20, 2022:

Board Action:

Mr. McGough made a motion to accept the Minutes of the April 20, 2022, Regular Meeting as presented. Mr. Gray seconded the motion.

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

Ms. Thayer and Mr. Gill abstained from voting as they were absent from the April meeting.

TREASURER'S REPORT:

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

The April, 2022, Treasurer's Report was distributed in advance of the meeting for Board review. An updated A/P was provided.

She reported on the budget YTD; between January-April, we should be at 33.3%. As stated in prior reports, some accounts are slightly higher as they are one-time annual or seasonal payments; i.e., Insurances, Licenses & Permits and Natural Gas. Cell Phone, Internet, and Postage are slightly above YTD projection.

The Income line item is at 42.79%, nearly 10% over YTD projection.

Treasurer Thayer reported the June 1 USDA payment of \$101k+ will be made electronically. Adequate funds are in the appropriate account based on previously instituted procedures in accounting for this bi-annual payment.

Board Action:

Mr. Hempsted made a motion to approve the Financial Report as presented. Mr. Gill seconded the motion.

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

Payment of Bills: April, 2022, Bills Payable: There was Board discussion regarding Bills Payable.

Board Action:

Mr. Gill made a motion to approve the April, 2022, bills as presented. Mr. McGough seconded the motion.

ROLL CALL VOTE: Thayer-Y, Gray-Y, L. Gifford-Y, McGough-Y, Gill-Y, Hempsted-Y. Motion carried.

GUESTS:

Mr. Seth Bearden, new part-time employee, introduced himself to the Board. He will be working with Compliance Officer Ravary this summer, returning to college late August. Note: A second part-time employee (Mark) will be starting soon as well.

COMMITTEE REPORTS:

Personnel Committee:

Review Compliance Officer Retroactive Pay Increase Request:

This was continued from last month regarding a retroactive date pay increase for the Compliance Officer. There was Board discussion and clarification with Mr. Ravary reviewing previous years' vacation time granted rather than salary increase. They also discussed comparable salaries and benefits of other utility authority Compliance Officers. Both the Board and Mr. Ravary arrived at a mutual agreement on the retroactive timeframe for his wage increase. Board Members expressed appreciation for the scope and quality of work he provides FLAUA. His hire date is May of 2015.

Mr. Ravary's performance review was added to April of the Organizational Calendar.

Board Action:

Mr. Hempsted made a motion to make Compliance Officer Ravary's wage increase retroactive to March 1, 2022 (or closest to the beginning of that pay period), versus May 1, 2022, as originally stated in the Personnel Committee Minutes of the April 13, 2022 meeting. Mr. Gill seconded the motion.

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

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 reported on the following:

Monitoring wells were completed today and documentation sent off. He has shown the new part-time employees how to conduct full rounds. He requested renting a wood chipper at a rate of \$125/day for four days. The service provider requires a check up front; he will provide a receipt/invoice for it. He disposed of the scrap metal.

He spoke with Mr. Blake Smith of USDA today who appeared concerned there have not been annual rate increases. Mr. Ravary then spoke with Kyle of Michigan Rural Water; they will be sending someone out to perform a cost analysis. He was told FLAUA should be facilitating increases.

He also spoke with Kyle about the significant increase in pumping volume. Kyle stated a smoke test would identify those properties with basement sump pumps. Michigan Rural Water Association performs this service. Expenses include purchase of a five-gallon container of the smoke making material, a small generator fee, and payment for a technician's hourly rate and two nights' lodging.

It has been six years since our last smoke test. A list of properties was identified, and Fleis & VandenBrink (F&V) was to send letters to those residents; however, that did not happen. Mr. Ravary sent letters instead asking if F&V had ever contacted them about problems at their properties. He received no responses.

President Gray stated he recently received a phone call from Fleis who stated they do not dispose of records. Their secretary is working on compiling the documents inquired about for our permanent records onsite. They will be sent to us as she has time. Mr. Ravary suggested the information be on hard drive.

Mr. Ravary has been getting calls with requests to tie in to the sewer where the new construction is taking place near the highway. He spoke with Mr. Brad Muma of Performance Engineering who will give us ball park figure to run lines up to Beacon & Bridge and across. There are a couple of options. There may be a minimal fee for the estimation.

Mr. Muma returned the trimble, stating it is a poor piece of equipment utilizing the GIS system we currently cost share with the Village. We could switch the program (Lighthouse), scan data into it and utilize it via cell phone. The Village has been using the Traverse City GIS Parcel Identification program. We would be able to sell the trimble as surveyors use them. This change would save money for both FLAUA and Five Lake Village. Brad Muma or Aaron Nordman of Performance Engineering would be happy to give us a presentation.

CITIZEN COMMENT: None.

NEW BUSINESS:

Explore New Legal Counsel:

Mr. Ravary received several responses to his inquiry letter which was sent to several prospective attorneys with municipal/utility experience. Mr. Brian Graham opted out. There was no response from Messrs. Chris Bizdok and Ray Montney. Mr. Tom Pezzetti declined.

Mr. Michael Figliomeni of Mesick and Mr. Richard Figura of Empire area both replied. The Board asked Mr. Ravary to email the two replies to all Board Members to review for next month's meeting.

State of Michigan LEP (Limited English Proficiency Plan):

Ms. Thayer is investigating this; it was tabled to next month.

2021 Audit Review/Approval:

A draft copy of the 2021 Audit was distributed to the Board for review.

President Gray reviewed several areas of the Audit with Board Members, and there was group discussion. The audit is comprehensive, and the Board reviewed financial highlights, USDA payments, financial accounts, bond reserve, RRI, repair accounts, balance sheet, restricted monies, Michigan CLASS investment account, and more. Treasurer Thayer indicated specific figures in accounts, demonstrating FLAUA is appropriately maintaining, transferring and paying required funds. President Gray also covered the Payback schedule through 2057.

Treasurer Thayer described the extensive questionnaire/outline she receives from Gabridge in preparation for the annual audit. She also pointed out multiple safeguards that are in place to protect funds.

The summary of the 2021 Audit findings were very positive and, in part, stated: "no deficiencies in internal control or weaknesses," "no significant difficulties dealing with the management performing and completing audit".

Treasurer Thayer stated she is required to provide Mr. Blake Smith of USDA an annual report with very specific data; i.e., number of users, audit copy, financial information, etc. After receipt of the 2020 Audit, his email reply to her stated the review looked great and to see attached current and debt service ratios that determine to them if this is a sustainable system. Current ratio should be at least 1.5, and it was 6.5 (7%). Debt service ratio should be at least 1.1, and it was at almost 1.5. This information is based on 501 users; we now have 530 users.

She finds it odd that he was disapproving in his conversation with Mr. Ravary recently regarding rates when his review and response to the most recent audit was positive and no statements were made regarding annual rate increases. She stated if the 2021 Audit is approved this evening, she will forward it to him and address his comments with Mr. Ravary about annual rate increases as he has never referenced this with her.

Board Action:

Mr. Gill made a motion to approve the 2021 Audit as provided by Gabridge & Co. Ms. Gifford seconded the motion.

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

OLD BUSINESS:

Asset Management Plan:

There was Board discussion about long-term needs and the report provided by the Compliance Officer. The only two new asset items added to it would be the purchase of a flat bottom boat and replacement of the work truck. Mr. McGough saw a boat online; however, it was quickly sold. Mr. Gray asked the Board for consensus to take action and purchase a boat if it is an appropriate option meeting the needs of the Compliance Officer. Board Members were in agreement.

The Asset Management Plan requires at 6-20 years a new Sewer Cleaner (\$54,600 at the time; it is surely significantly more today). Mr. Ravary will get the old one up and working.

Regarding a new Jetter, Mr. Ravary this it would be a good idea to talk to Kalkaska, as they have a truck, and create an intergovernmental agreement to rent it.

Asset List: Completed. This list will be maintained as assets are purchased or disposed of.

COMMUNICATIONS: None.

CITIZEN COMMENT: None.

OUTSTANDING TASK LIST:

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

Compliance Officer Ravary received quotes from Perfect Fence. In summary:

- \$31k to install galvanized fencing across the front of plant
- \$49k to fence 3,950' of 6' high deer fence along three sides
- \$71k of 6' high deer fence along front and back

This does not include tear-out of existing old fencing.

There was Board discussion with a suggestion of considering t-posts and 4' woven wire rolls. Mr. Ravary recommends 1-5/8" posts and 6' fencing. He has a possible source in Clare that supplies farm fencing. He will research this, Dutchman Tree Farm and Mennards Special Order (11% rebate).

The Board is aware he has not had adequate help for some time to begin this project. With the new part-timers, they could begin tear out and installation of sections. The Board discussed and reached consensus to increase hours of Chris and Seth to get fence project moving along. Mr. Ravary will seek approval if hours need to increase.

ORGANIZATIONAL CALENDAR:

- USDA Loan & Interest Payment Due. This is currently in motion.
- MDEQ Discharge Permit Due: Mr. Ravary believes this was done in February.
- MissDig Payment Due: Mr. Ravary will check on this; make sure it was forwarded to H&R Block.
- Recording Secretary Review: An informal review discussion was held between the Board and Ms. Kay Held, Recording Secretary. They stated they are very pleased with her performance and were most appreciative. She stated this evening starts her 8th year with FLAUA (Note: correction ---- it's actually the beginning of her 9th year). Throughout discussion, there were no concerns from either party.

BOARD COMMENT: None.

ADJOURNMENT:

Mr. Gill made a motion to adjourn the meeting. Ms. Thayer seconded the motion.

VOTES: YEAS: All. NAYES: None.

The meeting adjourned at 7:23 p.m.

Submitted by: Kay Z. Held, Recording Secretary