

**FIFE LAKE AREA UTILITY AUTHORITY (FLAUA)
SPECIAL MEETING
MINUTES
Thursday, May 29, 2014
7:00 p.m. Fife Lake Village Hall, Fife Lake, MI**

CALL TO ORDER: Meeting was called to order at 7:00 p.m. by William Fisk, President.

ROLL CALL: Roll was called by President Fisk and a quorum reported.

Present:

William Fisk-President, Jodi Velez-Vice President, Tom Gray-Treasurer, and Commissioners Ron Broering and Betty Ingersol.

Absent:

Lori Ann Rognlie- Secretary, and Commissioners Lisa Leedy, Robert Sturdavant and Ricky Hulwick.

Guests: John Koch, Superintendent, FLAUA. Members of the Public.

APPROVAL OF AGENDA:

Mr. Fisk recommended an additional Public Comment opportunity be offered before Superintendent's Report, limited to three minutes per speaker, to allow for feedback and fact-finding prior to, as well as public response after Superintendent's Report.

Board Action: Mr. Broering made motion to accept Agenda as presented, with qualification that guests speak before and after Superintendent's Report. Motion seconded by Mr. Gray. YEAS: All. NAYES: None. Motion carried.

PUBLIC COMMENT:

Linda Forwerck, Fife Lake Township Supervisor, 134 Morgan Street, Fife Lake, MI (business address): Ms. Forwerck asked, since only one Fife Lake Township representative was seated with the Board this evening and two appointed members were not present, an alternate member (William Saba) be seated with the Board to participate in the meeting. Mr. Fisk acknowledged and gave permission. Mr. Saba joined Board members.

Dawn Zimmerman, 6533 Fife Lake Road, Fife Lake, MI (home); 11798 State Street, Fife Lake, MI (cabin): Mrs. Zimmerman read a prepared a letter to the Board regarding a sewage backup that happened in her seasonal cabin between 9/2/13 and 5/23/14. The backup covered the same area as in past incidents. She phoned Mr. John Koch, Superintendent, who was out of town; Mr. Joe Burfield, Relief Operator, arrived to inspect the backup and document with photos. Mrs. Zimmerman's husband and son also photographed the sewage. She is submitting claim to FLAUA Board and FLAUA's insurance company for reimbursement of cleaning costs and other damages which may incur with cleanup. As of this date, no cleanup has been performed. She has sent letter and claim to Mr. Paul Olson, Insurance Agent of Municipal Underwriters of Michigan (MUM) as well.

Ellen Hart, 11782 East State Street, Fife Lake, MI: Mrs. Hart states she experienced a backup in August, 2013, and has not yet been able to get walls/floors cleaned. She does not believe she should require an extra rider on homeowner's insurance to pay for backups and malfunctions of FLAUA equipment.

Robert McConkie, on behalf of mother Josephine McConkie, 11858 State Street, Fife Lake, MI: Mr. McConkie stated they experienced a backup two years ago, believing it to be some sort of ongoing issue.

SUPERINTENDENT'S REPORT:

John Koch, FLAUA Superintendent: Mr. Koch reported that on May 23, 2014, at 10:23 a.m., he received a call from Mr. Dar Zimmerman, indicating another sewer backup at the Zimmerman cabin property. Mr.

Joe Burfield was called to investigate onsite. Also notified were Messrs. William Fisk, Ben Kladder of Fleis & Vandenbrink (F&V) Engineering, and Ms. Janice Heuer of the Department of Environmental Quality (DEQ). It was verified that there was a backup at the Zimmerman cabin, evidently between Labor Day 2013 and Memorial Day weekend 2014. Other homes that had experienced a backup did so due to a frozen sewer line, including the McConkie residence (not cabin), which took place in March, 2014. Mr. Joe Burfield had responded to that situation.

It is unknown at this time what caused this backup. Mr. Koch recommended FLAUA clean and televise the area from Anthony Street to the Y at Ingersol Road to view underground infrastructure. Additionally, he suggests he and Mr. Ed Hawks from Fleis & Vandenbrink examine any possible control problems and ensure they are functioning properly. It is also possible the problem may have been caused by ice or some other blockage. Diagnosing the problem may be difficult as the exact date of the incident at the Zimmerman cottage is unknown.

Mr. Fisk spoke with Mr. Ben Kladder of F&V this afternoon. They have contacted a firm that does the camera work and will serve as a sub-contractor to F&V. This work is to be covered by the Stormwater, Asset Management, and Wastewater (SAW) Grant to look at property lines in low areas, including the Zimmerman property, to identify and examine functionality, engineering aspects, elevations, backflow preventers, etc.

Mr. Broering asked if the sub-contractor will inspect backflow preventer on the lateral that goes into the Zimmerman property or all properties. Mr. Fisk indicated laterals will be done at a cost of \$125 to each homeowner. The engineering firm must do a test run to verify everything is running properly. Due to extenuating circumstances of this situation, this inspection will serve as a test run, per recommendation of engineering firm. Mr. Gray stated permission will be needed to enter private property.

Mr. Koch stated that F&V's sub-contractor's camera will start at the main, and be filmed, to look for broken/separated joints, tree roots, etc. As the camera is brought back through, it cleans out the line and films/photographs to show condition below the road (this was in the plans as part of the SAW Grant).

Various guest comments were made about this not having been done years ago. Mr. Fisk emphasized that we are now moving forward with a focus of getting answers rather than speculating on the current situation. As protocol, he asked that comments be directed to the Chair as opposed to multiple individuals on the Board.

Mr. Broering reiterated insurance limitations to this situation in that FLAUA's insurance company will not cover this claim.

There was conversation among Messrs. Gray, Fisk, and Chris Zimmerman about the sub-contractor entering the Zimmerman property to access cleanout; Mr. Fisk will make an attempt to coordinate sub-contractor's visit on Monday, 6/2/14, in the afternoon to accommodate Chris Zimmerman coming to the property.

Mr. Broering inquired as to where we stand with prior claims. He asked if a suit was filed against FLAUA. Mr. Fisk stated Public Act 222 ties our hands.

Mrs. Zimmerman and Mrs. Hart stated their past claims are at the Attorney General's office in Lansing. Mrs. Zimmerman stated from there it goes to the Michigan Department of Insurance & Financial Services (DIFS), with a complaint filed against FLAUA's insurance company. She is not turning a claim into her homeowner's insurance company again; has filed three times previously. Sewage is still in the cabin from this incident. Mr. Paul Olson has submitted the past claim. Mrs. Zimmerman has not received a denial and has not yet heard back from him; he stated he would see what the Claim Department can do about the cleanup as this is a new backup.

Mr. Gray spoke with Mr. Koch about the A-4 pump station and loss of power approximately two weeks ago. Per Mr. Koch, 3 of 4 chatterboxes went off; the main lift station never lost power. He responded to the outage. Mr. Gray asked if last fall, after the August incident, had Mr. Koch been called. Mr. Koch responded he had been called as one pump was air locked and the chatterbox went off; however, the

high water mark was never reached and the other pump had taken over. He repaired, re-set, and checked it. Since that time, he conducted a high water test to check the alarm and was in touch with Mrs. Hart during the test.

Mr. Gray asked exactly where the A-4 pump station is in relation to the Zimmerman property and suggested when camera work is performed it needs to go both east and west of the station. Conversation continued about the underground lines and directions they take. Mr. Fisk stated the cause of the problem is still under speculation until lateral camera work is completed.

Mrs. Zimmerman asked if, when the road was widened, was a culvert put in and could this be the source of a problem?

Mr. Fisk will contact Mr. Paul Olson about the 2nd Zimmerman claim to look into status of claim. He also asked for additional board discussion. Mr. Koch would like to go ahead and look at controls with Mr. Ed Hawks, Electrical Engineer of F&V when they come in. Mr. Fisk agreed this would be prudent.

Mr. Chris Zimmerman asked whether the edge of the right of way, to their house, is their responsibility. Mr. Gray responded yes. Discussion continued about valves and backflow preventers. Mr. Koch stated there are check valves in the mains and they are checked weekly. Mr. Gray suggested a pressure line check valve may work on the Zimmerman system; Mr. Zimmerman stated he bought it from the FLAUA. Both agreed it was not a failsafe. Mr. Gray stated running camera down the system may identify problem.

PUBLIC COMMENT:

Mr. Fisk suggested the group go forward with Public Comment.

James Grubbs, 1826 State Street, Fife Lake, MI: Mr. Grubbs inquired what the residents' \$30 monthly fee goes toward if it doesn't go toward insurance. He stated he had an issue in the 90's and FLAUA covered it.

Mr. Gray responded that due to legislation in 2005 (and per Mr. Fisk due to Public Act 222), the State of Michigan dictates that insurance companies no longer cover backups and FLAUA is not able to purchase insurance to cover it. Messrs. Gray and Fisk stated \$30 monthly fees go to the septic system, 19 pump stations, electricity, operation and maintenance. Messrs. Broering and Fisk stated FLAUA has liability insurance on the ponds.

Mrs. Hart expressed frustration about P.A. 222 and that residents have indeed met certain criteria; however FLAUA has no insurance to cover it.

Mr. Gray explained pre-design construction estimates of sewer, lift stations and ponds in excess of \$6 million. Mr. Fisk explained FLAUA pursues SAW Grant and the Rural Development-United States Department of Agriculture (RD-USDA) funding for those projects to make changes the aged system needs. He reiterated we cannot continue to speculate at this time and asked to continue with public comment.

Debra Newell, 8927 Wilpeck Drive and 11411 Lakeshore Drive, Fife Lake, MI: Ms. Newell asked if FLAUA will send an outline with scope of work to be done by F&V sub-contractor to the Zimmermans and other residents. Mr. Koch stated engineers are working with their contractor and will be cleaning the line, televising it, and looking for problem areas. Ms. Newell believes it important for both, homeowners and FLAUA, that the homeowner be on the property when the work is conducted. Mr. Fisk will contact F&V and phone/email the Zimmermans to coordinate. The first priority was to get the contractor on short notice as work was scheduled to be done later this summer. The Zimmermans and Harts both indicated they would like to be notified of the work at the Zimmerman property.

Chris Zimmerman: Mr. Zimmerman asked if something is found wrong through the camera work, will any action be able to be taken if there are no funds until the grant comes through? Mr. Fisk responded the SAW Grant is for the inquiry. Any change to the system cannot be done until the RD-USDA grant application is confirmed.

Mr. Zimmerman and Mrs. Zimmerman asked what the SAW Grant covers. Mr. Gray stated the SAW Grant is for the study of the system and what needs to be fixed. A grant/loan will be required (whether RD-USDA and/or other funds) to repair 35 year-old system. Mr. Fisk stated at this time, the due diligence process is underway.

Linda Forwerck: Ms. Forwerck inquired if there is a defect or problem in the system that is not on private property, will FLAUA's insurance pay to repair? Ms. Velez and Mr. Gray stated the insurance company would need to make that determination.

Cathy Sorrow, 9777 Vans Lane, Fife Lake, MI: Ms. Sorrow asked if, now that we have the option of televising the line condition and a problem is found in the line, is the Board going to address the repair--insurance or no insurance. Ms. Velez and Mr. Fisk stated yes. Mr. Koch stated yes and that we need to keep the system operational; however, right now, this is all speculation until it is determined what is wrong. He reiterated what process will take place when the line is televised. Discussion took place among Messrs. Fisk, Broering, and Gray as well as members of the public regarding costs and special assessments of maintaining the system and the monthly fee paid by the public.

Chris Zimmerman: Mr. Zimmerman expressed concern about the \$500,000 estimate to line ponds (based on engineering firm's input); however, Mr. Fisk expressed that before anything is purchased, a thorough bid process will take place.

Linda Forwerck: Ms. Forwerck suggested the Board check with other communities; i.e., Charlevoix and Sterling Heights (each of which experienced similar issues with insurance companies), and speak with those communities about coming together as a group to approach the state about the insurance industry's decisions.

Debra Newell: Ms. Newell suggested the Board review a flooding incident last year in Traverse City at Cabinets by Robert. She stated the City of Traverse City's insurance company paid for the damages.

Karen Hart, 11782 East State Street, Fife Lake, MI: Ms. Hart asked when and how they will be informed of Monday's (6/2/14) camera results. Mr. Koch will contact by phone call of results. The Board will also provide written communication.

Mr. Gray followed up to earlier inquiry regarding cost to FLAUA for insurance policy. He stated it is approximately \$10,000 annually (\$10,500 is budgeted) and that the DEQ conducts one or two inspections a year. FLAUA pays the DEQ \$3,650 annually.

Dawn Zimmerman: Mrs. Zimmerman provided the Board a copy of her claim and letter she read this evening, which was also faxed to Mr. Paul Olson. Mrs. Zimmerman asked to be advised of the time of the study on Monday 6/2/14 and stated she would like her or her son to be onsite before anyone is permitted on their property. Mr. Koch will telephone her with the time.

Robert McConkie: Mr. McConkie appreciated the proactive nature the Board is taking to resolve this problem. He asked for results to be posted on FLAUA website as well. Mr. Fisk replied results will be posted on FLAUA website as well as Fife Lake Village website. Ms. Forwerck asked for the results to also be forwarded to Fife Lake Township for posting on their website. Mr. Fisk will do so.

ADJOURNMENT

Board Action: A motion for adjournment was made by Mr. Broering. Hearing no other public comments, Mr. Fisk declared the meeting adjourned at 8:15 p.m.

Submitted by,

Kay Z. Held
Recording Secretary