

FIFE LAKE AREA UTILITY AUTHORITY (FLAUA)

**Regular Meeting
Minutes**

**Thursday, July 21, 2016, 6:00 p.m. 231-879-3565
Fife Lake Village Hall, 616 East Bates Street, Fife Lake, MI 49633**

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

ROLL CALL: President Fisk called Roll.

Present: William Fisk-President, Lisa Leedy-Vice President, Jodi Velez-Treasurer, Lori Ann Rognlie-Secretary, and Commissioners Ron Broering, Linda Forwerck, Tom Gray, and Leigh Gifford.

Absent: Commissioner Jonathan Rose.

Others in Attendance:

Mr. Ben Kladder, Fleis & VandenBrink Engineering.
Mr. Ray Ravary, FLAUA Compliance Officer.
Messrs. Jamie Stocking and Ray Garchow, FLAUA employees.
Ms. Charity Sawyer, H&R Block.
Members of the Public.

APPROVAL OF AGENDA:

Ms. Forwerck would like to see a Correspondence section added to the agenda. This topic will be addressed under Other Business.

Board Action:

Ms. Leedy made a motion to approve the Agenda as amended. Mr. Gray seconded the motion.
VOTE: YEAS: All. NAYES: None. Motion carried.

ACCEPTANCE OF MINUTES:

Acceptance of Regular Meeting Minutes, June 16, 2016:

Ms. Forwerck asked for a correction on Page 2 – Board Action re: Redemption Account – she stated in her motion to open it at Forest Area Federal Credit Union. Forest Area Federal Credit Union was able to open a sub-account to the existing account but not able to accommodate a separate account to meet the USDA requirements. Ms. Velez opened Redemption Account at Chemical Bank, as the existing USDA and SAW Grant accounts are already there. Board discussion followed re: Redemption Account. Board consensus allowed for these accounts to remain at Chemical Bank. Ms. Forwerck would like clarification about account numbers. Ms. Rognlie will amend the Minutes to reflect the correction regarding Ms. Forwerck's motion.

Board Action:

Ms. Leedy made a motion to accept the Minutes of the Regular Meeting of June 16, 2016 as amended. Ms. Rognlie seconded the motion. VOTE: YEAS: All. NAYES: None. Motion Carried.

Acceptance of Special Meeting Minutes, May 31, 2016:

Board Action:

Mr. Gray made a motion to accept the Minutes of the Special Meeting of May 31, 2016. Ms. Broering seconded the motion. VOTE: YEAS: All. NAYES: None. Motion Carried.

Acceptance of Special Meeting Minutes, June 28, 2016:

Board Action:

Ms. Rognlie made a motion to accept the Minutes of the Special Meeting of June 28, 2016. Mr. Broering seconded the motion. VOTE: YEAS: All. NAYES: None. Motion Carried.

OFFICERS' REPORTS:

Treasurer's Report – Financial Report of June 30, 2016 and Payment of Bills:

The Treasurer's Report was previously distributed to the Board. Ms. Velez provided an updated A/P report to the Board.

Board inquiries and discussion included whether the shared employee costs are up to date. We have received payroll reimbursement including wages, federal taxes, etc., up to date, with the exception of the most recent billing, which was just sent out. We will bill the Village and be reimbursed every two weeks rather than monthly. The Village has been billed through June.

Ms. Velez reported training is 66% to budget as there was some training that was not budgeted for. Current payroll is 77% to budget; however, with the Village reimbursements, it brings us to approximately 65% to budget.

Utility expenses are high at this time due to electric. We should be done irrigating soon. Ms. Velez will explore the prior year's budget on utilities. Mr. Fisk indicated due to the age of the system and motors, they may not be working as efficiently as they should. Three lift stations will be brought off line and will not be billed for electric after that time. Next Monday, the Personnel Committee will be meeting to tighten up allocation of resources and employees.

NOTE: Commissioner Rose arrived at 6:16 p.m.

Mr. Fisk noted Fleis & VandenBrink costs will diminish with Mr. Ravary having obtained his operator's license and the subsequent phase out of monthly F&V plant visits. It should be a few months before we are able to give 30-day notice to F&V. We may still require them for special circumstances.

Ms. Velez discussed shared equipment usage. We have not yet billed the Village and require information from them. Therefore, H&R Block has only billed for wages and taxes. Ms. Leedy indicated as of today, the Village has prepared a form and will use the Act 51 rate, which will pay for full expenses. Ms. Leedy will provide Ms. Charity Sawyer at H&R Block details related to Act 51 billing.

Ms. Velez reported fuel expenses for the past four months compared to last year's same four months are up by 64.52% in fuel usage/gallons, and up by 82.27% in cost. The Village has a log indicating all hours and rates for equipment, which will be provided to us.

Ms. Forwerck asked the Board if we should be addressing these Village issues at the FLAUA Board Meeting when we have such a large construction project underway. Mr. Fisk stressed the Village has an Intergovernmental Agreement with the FLAUA that requires the addressing of the importance of resolving these issues and clarifying related expenses for the benefit of our users, each municipality, and the FLAUA. It was also noted that the government is heavily pushing intergovernmental cooperation. Mr. Broering stated the intergovernmental agreement was designed to be cost-effective for both the Village and FLAUA.

Mr. Broering referenced the prior meeting with Mr. Marv Radtke of Fife Lake Village regarding preparation of a proposal to the FLAUA Board. This is due to us before the September FLAUA meeting.

Ms. Velez reported our original Bond & Interest Redemption Fund still has approximately \$15k in it. We are making the required \$3k monthly deposits into the new Bond & Interest Redemption Fund. She is asking for permission to move the \$15k into the Operating Fund to pay F&V back-interest fees, which stem from an agreement with F&V prior to receiving our project funding. As of 6/2/16, we will no longer receive any F&V interest invoices.

Board Action;

Mr. Broering made a motion to close the current Bond & Interest Redemption Fund and move the balance of \$15,010.81 to our Operating Fund. Mr. Rose seconded the motion.

ROLL CALL VOTE: Rose-Y, Leedy-Y, Forwerck-Y, Gray-Y, Gifford-Y, Fisk-Y, Velez-Y, Rognlie-Y, Broering-Y.
Motion carried.

Board Action:

Ms. Rognlie made a motion to accept the Financial Report as presented. Mr. Rose seconded the motion.
VOTE: YEAS: All. NAYES: None. Motion carried.

Bills Payable:

Board Action:

Mr. Gray made a motion pay the bills as presented. Ms. Rognlie seconded the motion.

ROLL CALL VOTE: Forwerck-Y, Gray-Y, Gifford-Y, Fisk-Y, Velez-Y, Rognlie-Y, Broering-Y, Rose-Y, Leedy-Y.
Motion carried.

Board discussion:

The F&V invoice for \$2,744 is the current bill. The F&V invoice for \$4,481.63 is from March 28-April 15, 2016. Ms. Velez noticed an invoice from Great Lakes Energy for \$14,683.51 for relocation fees & a transformer. After research, she noted this is paid out of the second draw and that we are not responsible to pay for it from our Operating Fund.

A second draw request has been made for \$262,549.07 on the USDA project.

PRESIDENT'S REPORT: The President's Report was previously distributed to the Board.

President Fisk also reported due to the nature of construction, things do not always go perfectly to plan. There have been some non-standard situations i.e., a phone line that was 9' down, a Charter line that was 3" down, and MISSDIG was improperly indicated. The Forest Area Federal Credit Union was particularly affected. We responded and dispatched personnel to resolve issues as quickly as possible. MDOT is very specific on signage permit requirements. The Board discussed the FAFCU letter, the unscheduled power outages, and where responsibility lies.

Ms. Forwerck expressed some concerns about who was invited to the pre-construction meeting and those who were not, notices that projected new sewer users should have received, MISSDIG notification and the utility outage to FAFCU, notification to businesses about traffic issues, postings of the construction map and timeframes, inconvenience to citizens, and loss of business to citizens. She believes they should be compensated in some way.

President Fisk responded that many issues she mentioned have been resolved and we had no choice but to improve the system. Ms. Rognlie stated once lines are down, they need to settle and be tested for approximately 30-days. Letters will go out to residents again on hookup requirements; they have one year from that time to hookup. Mr. Fisk informed guests there is a Citizen Comment section in the Agenda for comments.

Ms. Gifford suggested priority lists would be helpful; i.e., road construction and routes to businesses, to better organize the process. She requested one at this time.

Mr. Broering does not believe waiving any costs as suggested by Ms. Forwerck is under the purview of this Board.

Ms. Leedy stated communication could have been improved regarding hookup and signage. We are trying to minimize impact on businesses and have communicated with them regularly. F&V has a construction schedule, and postings have been made on the Village Face book page and on the FLAUA website. Contractors are working under stringent timelines and face fines if they take longer than scheduled. The most disruptive part of the project should be behind us; much of the remaining work is right of ways and roadwork. Many homeowners are aware of this. We are doing the best we can with a volunteer Board and have hired professionals who are communicating with owners and residents.

Ms. Forwerck would like the construction schedule posted at the Township and suggests that Emergency Services need to be advised. Mr. Fisk noted the construction schedule can change several times a day.

Mr. Broering reiterated the scope of this project is large and there has been an extraordinary amount of time put in by Board Members.

Ms. Forwerck feels people who have been recently notified they need to hook in should be given a reduced rate as this was a courtesy given to residents when the system was originally built. Ms. Leedy indicated there are services available for homeowners and prospective grant monies. This is being put in writing by the Steering Committee and will be distributed. Further Board discussion continued about reducing or waiving new hookup fees and included asking the Board Chair to explore any legal options to offer residents. Additionally, the USDA-RD has stringent requirements on hookups and rates.

Ms. Forwerck's understanding was that when the line went down Vans Lane, it would service new businesses on the highway, that residents would be mandated to hookup. Ms. Leedy stated there is an ordinance stating residents are required to hook up if they are within 200' of a sewer line. Additionally, Public Act 233 was referenced.

SECRETARY'S REPORT: None.

COMMITTEE REPORTS:

Compliance Officer/FVOP Report:

The Compliance Officer's Report and FVOP Report were previously distributed to the Board.

Mr. Ravary reported on the 4th of July, there was a 20-gallon spill due to a bad sensor. It was reported to the DEQ. While hand pumping, a 25hp motor in the pit blew up; therefore, we now only have one pump in the main tank. Costs would be \$3,100 for a custom sensor, \$100/hp to rewind, and the motor at \$2,500. These fixes would only be for a month until the construction is done.

He spoke with another contact regarding rental costs for a pump: \$1,547/month with \$250 delivery/\$250 pickup fee. A shared cost with FHC (contractor) could be a good idea. Mr. Kladder of F&V reported this pump would be too small to pump up. Plant personnel discussed pump needs, availability, and how to proceed in the event of an emergency.

Mr. Ravary reported the clutch on the backhoe is in very poor condition and the backhoe is very old. He inquired about looking at a clutch at AIS. Board discussion suggested waiting until the project is done and possibly looking at a used backhoe. In the interim, sub-contract one.

Mr. Ravary completed his first Michigan Water Report. He is also fully licensed now. The Personnel Committee will bring this information forward regarding termination of the F&V contract.

Personnel Committee:

The Personnel Committee report of the June 28, 2016, Special Meeting was previously distributed to the Board.

Ms. Velez reported the meeting of 6/28 covered employee performance reviews. Now that Mr. Ravary is fully licensed, a wage increase of up to \$3/hour for him once F&V is phased out was discussed. This would still be a savings once F&V services cease. It will be on next month's FLAUA meeting agenda. The plant staff was praised for their work. The Committee also discussed scheduling of man-hours more effectively. This will be reviewed at their meeting next Monday.

Steering Committee:

Ms. Leedy reported the project is moving forward and we are primarily on schedule. She discussed DEQ-permitted de-watering. There is no raw sewage; only ground water. Chipping from tree removal was used at the park by the Village for erosion control.

Mr. Kladder stated the project is within schedule. F&V will try to get a daily contractor schedule and information to residents.

Ms. Velez inquired if the costs related to the cut lines are borne by the contractors. If they were marked properly, they are responsible. However, if MISSDIG incorrectly marked the lines, DTE is responsible for the costs.

SPECIAL ORDERS:

Deferred Commodity Charge Policy: Ms. Rognlie reported this policy is being modified for Board Approval to enable residents to gain permits more expeditiously than waiting a month for a Board Meeting. The other change relates to new leads.

Board Action:

Ms. Velez made a motion to accept the amended Deferred Commodity Charge Policy. Ms. Rognlie supported the motion
VOTE: YEAS: All. NAYES: None. Motion carried.

UNFINISHED BUSINESS:

Operations Committee Members:

Mr. Fisk would like this Board to have a more reactive branch to handle inquiries on certain items for more expediency. Therefore, citizens wouldn't always have to wait for the monthly FLAUA meeting. Now that the Operations Committee has

been re-established, he proposed the Committee be comprised of the President, Secretary, Mr. Rose, Mr. Ravary, and citizens to be determined.

Board Action:

Ms. Leedy made a motion to accept the recommendations of the Operations Committee as presented, provided those mentioned are willing to serve. Ms. Rognlie supported the motion.

Board discussion included the nature of this Board be advisory and as a supportive role to the President. Ms. Forwerck suggested the motion be amended to include Mr. Tom Gray, based on his wealth of information, be on the Committee when he is available.

Ms. Leedy amended her motion to include Mr. Gray. Ms. Forwerck seconded the amended motion.

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

NEW BUSINESS: None.

OTHER BUSINESS:

Correspondence: Mr. Fisk read aloud a letter from Forest Area Federal Credit Union in which they expressed dissatisfaction with FLAUA regarding recent power, phone and Charter outages, traffic issues, non-productive manpower hours, and prospective lost business for themselves and other businesses in the area.

CITIZEN COMMENT:

Mrs. Marilyn Hayes, 446 Woodsedge Drive, Fife Lake, MI 49633:

She inquired of Ms. Velez regarding payroll; have the Social Security taxes been reimbursed? Ms. Velez replied they have. She also inquired about the \$15,000 interest payment to F&V. Ms. Velez explained this was interest on their annual services of approximately \$500,000.

She also referenced Board comments about past-reduced fees to people to hookup. She asked the Board to please look into any possibilities and consider passing on the reduction, making it retroactive, as they paid full fees to put in the sewer system and connect when developing their sub-division.

Mr. Mike Tornow, Shelby Street, Fife Lake, MI 49633: People with functioning septic were just told they needed to hook up to sewer. Mrs. Marilyn Hayes' comment makes sense to give the five or six households a break versus making them pay \$3,000 to hookup. He asked the Board for their consideration.

BOARD COMMENT: Mr. Broering extended his thanks to President Fisk for his efforts and the time put into this project and this Board.

ADJOURNMENT: Mr. Rose made a motion to adjourn the meeting. The meeting adjourned at 8:01 p.m.

Submitted by: Kay Z. Held, Recording Secretary