

Northport/Leelanau Township Utilities Authority
116 W. Nagonaba, PO Box 158 Northport, MI 49670

Draft Minutes

October 17, 2023

Annual Meeting

I. CALL TO ORDER The meeting was called to order with the Pledge of Allegiance at 9:30 a.m.

II. ROLL CALL Board Members Present: Chris Holton, Mike McMillan, William Harper and Chris McCann. **Absent:** None **Staff Present:** Joni Scott, Clerk and Cindy Edmondson.

III. ANNUAL SEWER REPORT (2022) Jacobs:

Mark Huggard, a representative from Jacobs, provided highlights of the annual sewer report for the fiscal year 2022-23. He emphasized two key aspects: safety and compliance. The treatment plant has achieved over 1,380 days without a safety incident, demonstrating their commitment to safety through training and regular safety inspections. They also prioritize compliance, reporting any non-compliance issues transparently to regulators and taking thorough corrective actions.

Mr. Huggard mentioned that they have maintained a positive relationship with regulators over the years due to their commitment to compliance. While they had one non-compliance incident related to phosphorus limits in March, it was promptly addressed and resolved. Additionally, he highlighted a significant challenge faced in late 2021 and early 2022 when one pump at the main station failed, followed by another. This occurred during a supply chain disruption, but through creative solutions, they managed to keep the station operational, saving a significant amount of money.

The report also touched on their proactive maintenance efforts, such as annual manhole inspections, air release valve inspections, and semi-annual flushing of force mains.

IV. ELECTION OF OFFICERS

Will Harper Moved, Supported by Chris Holton to elect Mike McMillan as the Chair of the Board.
Motion Carried.

Chris Holton Moved, Supported by Mike McMillan to elect Chris McCann as Vice Chair of the Board.
Motion Carried.

Chris Holton Moved, Supported by William Harper to elect William Harper as Secretary of the Board.
Motion Carried.

A motion was initially proposed by Chris Holton and seconded by William Harper to appoint Cindy Edmondson as Treasurer. However, the motion was subsequently withdrawn. The Board reached a consensus that further discussion regarding the responsibilities of the Treasurer position was needed. Additionally, they considered waiting until the appointment of the fifth board member before making a decision about the Treasurer role.

William Harper Moved, Supported by Mike McMillan to appoint Cindy Edmondson as the Deputy Treasurer. Motion Carried.

Mike McMillan Moved, Supported by Chris Holton to elect William Harper as the temporary Treasurer. Motion Carried.

*President Mike McMillan adjourned the annual meeting and lead into the regular October 17, 2023 board meeting.

V. APPROVAL OF BOARD MEETING MINUTES

Mike McMillan Moved, Supported by Chris Holton to approve the August 15, 2023 Regular meeting minutes as submitted. Motion Carried.

VI. PUBLIC COMMENT:

Alan Dalzel- expressed concern about the involvement of the village manager in NLTUA board discussions, emphasizing that the village manager is not part of the NLTUA board. Secondly, he suggested that the rules and regulations governing the board should be evaluated and revised in the future, potentially considering that the Member at Large should not be a member of either the township board or the Village Council. Additionally, he cautioned against making major decisions during the meeting until a 5th Board member was appointed.

John Lesperance- suggested that representation within the organization should focus more on citizens at large living within the region, rather than being limited to the village council and township. He believed that this change would enhance transparency and provide better access to information for both village and township residents.

Betsy Mallek- expressed support for Alan's suggestion of avoiding major decisions until the township representative is present. She also endorsed the idea of having an at-large member for representation. Elizabeth mentioned that she couldn't find the agenda for the day's meeting online and was unsure about the discussion topics. She anticipated feedback from the rate consultant. Additionally, she raised concerns about potentially granting development discounts to one developer while previously turning down another, highlighting the potential legal ramifications.

VII. PAYMENTS OF BILLS

William Harper **Moved, Supported by** Chris Holton to approve the bills to be paid for the months of August-October in the amount of \$75,197.18

Roll Call Vote Yeas (4) Nays (0) Absent (0) Motion Carried.

VII. STAFF REPORTS

A. Clerk Report:

Clerk Scott mentioned that the report covered bills paid from August to October and highlighted the completion of payment for the sewer main extension on Northport Point Rd, with Leelanau Township having reimbursed NLTUA for the expense. Joni also informed that she collected a sewer connection payment for a new single-family home on East 5th Street and that the third quarterly bills would be sent out on October 20, 2023.

The cash transaction report, trial balance, and revenue expenditure reports were included in the packet.

Deputy Treasurer:

Deputy Treasurer Edmondson reported that she will be receipting the sewer bills as they come in and making deposits.

B. Superintendent Report:

Superintendent Holton's report included plans for flushing force mains, updates on monitoring well maintenance, an incident of vandalism, plans to revamp the Ferric Chloride room, receipt of calcium nitrate for odor control, and appreciation for the Jacobs team's professionalism.

C. Treatment Plant Operator Report:

Treatment Plant Operator Justin Straub submitted a report detailing activities in the treatment plant and collection system. He mentioned the delivery of a blower motor for the treatment plant, with installation scheduled by a company representative next week.

VIII. COMMITTEE REPORTS

None

IX. CORRESPONDENCE:

None

X. DISCUSSION/ACTION ITEMS

- **Update Connection Fee Determination, Ross Hammersley/Thomas Grier**

The Board reviewed a memorandum from their attorney, Thomas Grier, which had also been reviewed by the Village of Northport attorney, Ross Hammersley. Trustee Harper expressed the need to put the recommendations from the memorandum on the next agenda for both this board, the village, and the township, as it appears there are actions required by all three entities. Harper emphasized the importance of getting everyone on the same page to remedy the situation efficiently, and he mentioned that most of the legal fees have likely been paid.

The recommendations, which are not confidential, address issues related to fairway view project which is available on the NLTUA website.

- **Presentation with Dawn Lund, Utility Financial Solutions:**

Dawn Lund, Vice President of Utility Financial Solutions, presented three scenarios for the wastewater system's finances. These scenarios considered the capital improvement program, including necessary projects totaling \$2.5 million from 2024 to 2032, with an additional \$1.6 million project in 2038.

Scenario 1 assumed a 7% annual rate increase to support the capital program while maintaining a positive cash balance. Debt would continue at 100% beyond 2028 when the original debt is paid.

Scenario 2 explored the possibility of no rate increases after 2028 and no debt continuance, resulting in a significant capital shortfall by 2032.

Scenario 3 looked at a middle-of-the-road approach, assuming no rate increases to the system and 100% debt continuance. It showed a cash deficit and a shortfall in capital funds.

Dawn Lund emphasized that rate increases are common in utilities to keep up with inflation and changing costs. The scenarios provided a roadmap for the system's finances, and further discussions and adjustments will be made to determine the best

path forward. The public also had the opportunity to ask questions and gain insights into sewer system finances.

During the presentation, Dawn Lund answered questions regarding the importance of higher numbers in the context of debt coverage ratio, explaining that higher numbers indicate better ability to pay debt from available cash. She also clarified that the US EPA standards consider \$100 per month for water and \$100 per month for sewer as affordable, totaling \$200 per month for both utilities. Additionally, she mentioned that sewer rates and rate increases vary across the country, with some systems having planned well and sustaining smaller rate increases, while others have not and are experiencing double-digit rate increases. Dawn emphasized the need for infrastructure improvements nationwide and noted that each system is unique.

- **Job Description for Deputy Treasurer:**

The Board discussed the necessity of establishing a job description for the position of Deputy Treasurer to aid in the budgeting process scheduled for November. They have requested assistance from Cindy Edmondson, who currently holds the Deputy Treasurer position, in outlining the responsibilities and tasks she performs. This input from Cindy will be valuable in creating a comprehensive job description for the role.

- **Amendment to OMI Contract- Mark Haggard**

Mark Haggard explained that each year, there is a base fee escalation percentage outlined in the contract. The change in this amendment is that any increase this year will be calculated at 4.18%, down from a previous rate. This calculation is based on a blend of employee costs and the Consumer Price Index. Additionally, the contract includes a labor rate table for out-of-scope labor projects, which has been updated for 2024. One minor change requested is in the contract's section about annual adjustments. The amendment suggests providing the information two months prior to the contract's expiration in November, rather than the previous deadline of three months using the third quarter ECI CPI index. This change aims to provide more flexibility in meeting the deadline for adjustments.

William Harper Moved, Supported by Chris Holton to approve the 16th amendment to the OMI contract agreement. Motion Carried.

VIII. PUBLIC COMMENT

Alan Dalzel- expressed the need for the board to encourage both the village and the township to share the cost of the sewer project, which he believes is too substantial for their current resources. He emphasized that the project's benefits extend to the entire township and suggested that both councils should reconsider their ordinances regarding sewer support. Additionally, he called for a slowdown on certain projects until the sewer issue is resolved, citing public expectations of reduced costs after the lines are paid off.

Betsy Mallek- voiced concerns about the burden of the sewer costs, especially for non-residents, and urged both the village and the township to work together for the greater good. She expressed opposition to imposing additional financial burdens on either entity and suggested exploring alternatives, such as aligning revenues with tax increases to help cover the debt load. Betsy emphasized the need for a comprehensive approach to address the situation effectively.

Doug Whitley- raised a question regarding the number of sewer connections and mentioned his efforts to obtain this information for the past few months.

IX. MEMBER COMMENTS

William Harper- emphasized the limitations on making significant changes to the sewer system until 2028 due to the bond. He mentioned the importance of paying off the bond on time to explore possible reforms, such as a US-based system with meters. He acknowledged inheriting the challenges of the sewer system and highlighted the board's efforts to improve transparency and understanding. He also suggested the need for a dropbox for packet information.

Mike McMillan- praised Dawn Lund's presentation as excellent and found it to be very helpful.

X. ADJOURNMENT

William Harper Moved, Supported by Chris Holton to adjourn the meeting. Motion Carried. The meeting was adjourned at 11:17 am.

Respectfully Submitted by:

Joni L. Scott, NLTUA Clerk