Northport/Leelanau Township Utilities Authority

116 W. Nagonaba, PO Box 158 Northport, MI 49670

Draft Minutes

April 8, 2025

Regular Meeting

I. CALL TO ORDER The regular began following the annual meeting.

II. ROLL CALL Board Members Present: Chris Holton, Barbara Conley, James Root, Chris McCann, and Mike McMillan

Absent: None

Staff Present: Joni Scott, Clerk, and JoLisa Ugalde

III. ADDITIONS OR CORRECTIONS TO THE AGENDA

Barb Conley requested adding a discussion on poverty exemptions for customer utility bills to the agenda. Board member Mike McMillan asked about further discussion on the capacity study, and Chair McCann clarified that the capacity study discussion was already included on the agenda.

The Board agreed to add a discussion of poverty exemptions for customers to the agenda. The agenda was approved by a consensus of the Board.

IV. APPROVAL OF MINUTES

Barbara Conley **Moved, Supported by** Chris Holton, to approve the February 4, 2024, Regular meeting minutes as presented. **Motion Carried.**

V. PUBLIC COMMENT/CORRESPONDENCE

James Root- correspondence on ArcGIS system.

VI. PAYMENT OF BILLS

Barbara Conley **Moved, Supported by** Chris Holton to approve the bills to be paid for the months of February-April in the amount of $36,181.42
Roll Call Vote: Yeas (5) Nays (0) Absent (0) **Motion Carried.**

VII. STAFF REPORTS

A. Clerk Report:

Clerk Scott shared that she met with the deputy treasurer to review financial statements, provided follow-up updates from the last meeting, and is developing a QR code project for postcards to direct residents to the village website for grinder pump and board information. She also discussed a vendor conversation with Prein and Newhof regarding potential charges that were ultimately not pursued, highlighted the need to update the GIS system with options such as staff training or contracting an engineer, and provided the board with the trial balance and revenue expenditure reports.

Deputy Treasurer:

The Deputy Treasurer, Ugalde, gave a brief financial report noting three deposits in March totaling $15,810.76. Clerk Joni Scott added that she and the deputy treasurer reviewed the statement and plan to begin categorizing future deposits into operations and maintenance and debt service to improve financial reporting.

B. Superintendent Report:

The Superintendent reported that during March windstorms, portable generators were deployed at the Northport Point Road and 7th Street lift stations, successfully preventing any spills or overflows. A grinder pump was removed due to a home demolition at 12660 Woolsey Lake Road, with the homeowner responsible for replacement costs. Looking ahead, two new connections to the pressurized system are planned near West Street, and chemical supply levels are sufficient through early June.

C. Treatment Plant Operator Report:

Justin Straub, the Treatment Plant Operator, provided a brief treatment plant report, highlighting recent challenges with power outages and elevated water flows from snowmelt and rainfall. The plant processed high flow levels for about a week, with current flow numbers around 73,000. Increased electrical usage was noted, potentially due to more equipment running, higher flow volumes, greater precipitation than last year, and the influence of the solar system's production. An annual report is expected later in the month and will be shared with the board by Joni Scott once received.

VII. DISCUSSION/ACTION ITEMS

- **Capacity/Sludge Handling proposal presentation**

  Stephen Roberts with Jacobs Engineering presented the capacity study proposal consists of five major tasks: a data gap analysis to review existing system information, an existing capacity analysis using hydraulic modeling to assess plant and collection system capabilities, a solids handling system evaluation to recommend upgrades, a growth opportunities assessment to project development impacts, and a Capital Improvement Plan (CIP) review. The full study is projected to take seven months and cost $132,000. Jacobs recommends prioritizing the first three tasks initially. The board discussed the possibility of phasing the project to manage costs while still gaining critical insights into system capacity and future planning needs.

  The Board expressed strong interest in the Jacobs capacity study proposal, emphasizing its importance for understanding the sewer system's limitations and informing future development decisions. Members discussed the need for data-driven planning to guide growth, manage new connections, and potentially adjust connection fees. While supportive, the Board was mindful of budget constraints and considered delaying full implementation until 2026 or phasing the project by prioritizing the first three tasks. They also discussed funding options, grant opportunities, and the potential use of new technologies like AI. Chair McCann and Clerk Scott were tasked with meeting with Jacobs to review costs and options, with a final decision anticipated in June.

- **Capital Asset Policy**

  The Capital Asset Policy discussion centered on clarifying capitalization criteria, as recommended by auditors. Initially written to require assets meet all three conditions—cost over $10,000, useful life beyond one year, and added system value—the Board amended the policy to require only one of these criteria. This change allows for greater flexibility in determining depreciable assets, such as grinder pumps, and improves accounting for smaller but important purchases. The policy aims to enhance financial reporting, audit readiness, and asset management.

  Mike McMillan **Moved, Supported by** Barbara Conley to adopt the Capital Asset Policy as revised. **Motion Carried.**

- **Grinder Pump Procurement Policy**

  The Grinder Pump Procurement Policy discussion focused on creating a streamlined process for purchasing grinder pumps without requiring full board approval. With pumps currently costing $2,205.90, the policy allows the clerk to authorize purchases with quick sign-off from the board chair, ensuring prompt response during emergencies or inventory shortages. Clerk Scott explained the importance of avoiding delays and maintaining system reliability, especially for weekend or urgent replacements. The board discussed cost trends, including refurbishing versus new pump pricing, and emphasized the need for flexibility in managing critical infrastructure.

  Mike McMillan **Moved, Supported by** Chris Holton, to adopt the Grinder Pump Procurement Policy. **Motion Carried.**

- **Reconciliation Policy**

  The Reconciliation Policy discussion centered on a recommendation from auditors to formalize the Northport/Leelanau Township Utilities Authority's existing monthly financial reconciliation practices. The policy outlines steps the Clerk and Deputy Treasurer already perform and is intended to improve audit ratings and demonstrate consistent financial reporting. Mike McMillan emphasized that while the policy doesn't change current procedures, it signals a commitment to best practices and could help elevate audit evaluations from an “A” to an “A+.”

  Barbara Conley **Moved, Supported by** Mike McMillan, to approve the reconciliation policy as presented. **Motion Carried.**

- **Poverty Exemption for Customers**

  The board discussed the possibility of offering a poverty exemption for sewer fees, an idea raised by Trustee Conley and modeled after the township's property tax relief program, which offers 25%, 50%, or 100% exemptions for qualified low-income residents. While there was general support for assisting those facing financial hardship, the board acknowledged potential legal and financial limitations due to existing bond obligations, which may restrict the ability to implement such exemptions until bonds are paid off in 2028. They agreed to explore the issue further by consulting the NLTUA attorney, reviewing the township's current exemption policy, and researching available state assistance programs. The conversation was framed as a good-faith effort to support residents, with the understanding that implementation would require careful planning and legal review.

VIII. PUBLIC COMMENT

None

IX. MEMBER COMMENTS

None

X. ADJOURNMENT

Chairman McCann adjourned the meeting at 10:56 am.

Respectfully Submitted by:

Joni L. Scott, NLTUA Clerk