

## **AGENDA NOTES**

**MEETING DATE:** Nov. 3, 2004

**PERSON PLACING ITEM ON AGENDA:** Manager

**AGENDA TOPIC:** October Sanitary Sewer Action Plan Report

### **EXPLANATION OF TOPIC:**

When the board adopted the sanitary sewer action plan approximately one year ago, it was determined that monthly updates should be provided to the board. Report is attached. We had a good month with the sale of 20 REUs. Our 35 REU total for the year, however, is behind where it should be at the end of seven months. To reach an 84 REUs per year total we need to average 7 REUs per month or 49 at the end of seven months.

### **MATERIALS ATTACHED AS SUPPORTING DOCUMENTS:**

October report

### **POSSIBLE COURSES OF ACTION:**

None required

**ACTION PLAN FOR SANITARY SEWER SYSTEM**  
**Nov. 3, 2004 update**

- A. Provide Actions to ensure System is operated at the lowest possible cost.
- Township Board to hire an outside auditor to conduct an Operations and Maintenance Rate Analysis to verify costs associated with O & M including possible rate scenarios, Review of the Debt Service Fund, & to assist with the preparation of budgets.
 

*Audit firm hired to do rate study. Presentation made on Sept. 16, 2003. Additional data requested. Final presentation made on Oct. 21, 2003. Auditor has completed study of county held funds. Report was presented at time of audit.*

*New rates were set on Oct. 21, 2003. These rates will be effective from Nov. 1, 2003 thru March 31, 2005. First billing with three months of new rate was issued on Feb. 1, 2004.*
  - Meet quarterly with the Auditor to review their findings, implement recommendations, and monitor the action plan.
 

*Auditor preparing quarterly reports. Presented at Dec. 16, 2003; Jan. 20, May 18, and Aug. 17, 2004 meetings. Schedule developed for quarterly reports. It includes deadlines for submission of materials for agenda packet, presentation dates and time period to be covered. Reports will be presented at the first board meeting in February, May, August and November for quarters ending in December, March, June and September respectively. Presentation dates changed to allow use of bank statements for the entire quarter being reported on.. New cost estimates presented. Auditor recommendation that General Fund loan the sewer operating fund an additional \$120,000 to cover 2003/04 operating deficit. \$100,000 loaned in February. Clerk, treasurer, accountant, sewer committee chair and manager met on Monday, Feb. 2, 2004 with IA to review current contract and invoices.*
  - With Infrastructure Alternatives, identify potential cost saving alternatives relative to Plant Operations and Maintenance costs for review by Sewer Committee and recommendation to the Township Board for implementation.
 

*IA met with DTE representative. Manager sent letters requesting change in status from secondary to primary rate for treatment plant and pump stations.*

*Rate change status approved for treatment plant and pump stations. Credit of \$28,608 issued on 10-21-03 for treatment plant. Notification of credit of \$302.83 received on 12-01-03. Notification of credits of \$526.60, \$311.51, and \$55.62 received 12-03-03. Rate reduction used in current rate recommendations.*

*Manager and supervisor met with rep from an alternate power source. Manager signed authorization for his review of township's DTE records. Proposal received. Rate was higher than new DTE rate.*

*Computers reprogrammed to allow for automatic turn on and off of equipment. Plant operator reports immediate reduction in KWHs on his readings.*

*Currently user timers to run blowers for 2 hrs per day and one of the ditch motors for 12 hrs. per day.*

*IA obtained one quote for switching from modem line to radio communication between lift stations, plant and operator. Plant operator felt this quote was high and continued investigation.*

*Operator investigated non-licensed radios as a less expensive alternative to licensed radios and determined that this is cost effective and does not reduce communication needs.*

*Operator provided information to manager for preparation of RFP for non-licensed radio telemetry for pump stations. RFPs were sent. Four proposals were received. Contract awarded on April 6. Installation began in the second week of June. Tower for Station 3 needs to be relocated. This will increase costs of project. This tower will be located at pump station in Spencer/23 extension. It will not be operational until November of 2004.*

*Based on IA recommendation amount budgeted for sludge removal was reduced from \$40,000 to \$15,000 in the rate study for Year One. Cost of living increase only applied to next two years. First sludge removal was budgeted for 10/05 fiscal year, but may not be needed until spring of 2005 in the 05/06 fiscal year..*

*IA met with township representatives to discuss use of treatment plant for new innovations in septage treatment—possible revenue source. Township reps have met at County level on this topic. Several municipalities including Livingston County are also considering this program. IA has been directed to prepare a proposal for this project.*

*IA met with township representatives to discuss use of township lab for testing for other IA clients—possible revenue source*

*This would not start until IA's other plant starts discharging. They would then pay for the chemicals and supplies if we allow the use of our lab for the testing. A written agreement will be developed..*

*Manager has requested information from Comcast for use of the internet as a communication method between the stations, the plant and the operator. Manager and plant operator have discussed this option with other system operators. No one is aware of anyone doing this.*

*Plant's internet service moved from Hypervine to Comcast on Feb. 18, 2004.*

*The Jet Rodder has been removed from the township's contract with IA resulting in a \$900 decrease in the monthly contract billing effective Oct. 1, 2003. Township will lease this equipment on an as needed basis.*

- Township Board to defer for one year the Capital Replacement set aside. Review this item annually for additional deferral recommendations from the auditors. Township Board to explore loaning the necessary funds from the General Fund to the Sewer Fund if shortfalls are experienced.

*Rate as adopted on 10-21-03 did not include any capital replacement for Year One or Two. The projected rates in Year Three will include equipment replacement. (Due to time spent studying rates Year One rate covered two fiscal years and will end on March 31, 2005)*

*Rural Water Association rate study workshop instructor suggested having two capital replacement funds, one for grinder pumps and one for everything else in order to ensure residents that sufficient funds are available for their grinder pump replacement. Manager will discuss this and possibility of a separate fee on quarterly bills to be set aside for equipment replacement.*

- Township Board will annually review the total operations and capital funding needs including any previous loans before setting the O & M quarterly rate for the next year. Provide a public hearing prior to initiating any rate increase.

*Operations and funding needs were and will continue to be reviewed as part of the budget process with rates to be set accordingly.*

*Township's sewer ordinance requires a public hearing prior to any rate increase.*

*Public hearing was held on July 14, 2003 prior to increasing rates on Oct. 21, 2003. Additional meetings which included time for public comment were held on July 15, Aug. 4, Aug. 5, and Sept. 16, 2003.*

B. Pro-actively identify additional customers and new users.

- Sewer Committee to review all properties in the original Sewer District to verify compliance with State Law as it relates to the requirement to connect. Any property not connected pursuant to this requirement shall be subject to Civil Infractions enforcement or similar, appropriate action to ensure compliance.

*Staff has created a spread sheet listing each parcel assessed for sanitary sewer. Connection is noted on the sheet. This list will be used to monitor compliance with the Dec. 1, , 2003 deadline mandated in State law. Properties not yet connected were reminded of the deadline in mid-November of 2003. Notification of non-compliance letters were sent on April, 2004. Letter provided a 60 day deadline before township will begin legal action for criminal violation of State law. Manager began working with attorney in July to send letter to those not yet connected to the sewer.*

- Revise Ordinances as appropriate to enable the Planning Commission and Township Board to impose a hook-up requirement for any new development that is within 200 feet of an existing sewer. If a Sanitary Sewer is not available at the time of approval of a new development, an agreement to hook-up will be created to guarantee the hook-up once the sewer does become available.

*New developments with sewer available are required to connect to sewer. These developments build their own collection system which is tied into the township's force main (transport system). The township's engineer provides construction inspection services and makes a recommendation as to whether or not the township should accept the collection system.*

*Dominion Phase I and II were accepted by the township board on May 18 contingent upon provision of as-builts and GIS information.*

*Rolling Woods was accepted by the township board on May 18 contingent upon provision of as-builts and GIS information*

*Eagle Business Center was accepted by the township board on May 18 contingent upon provision of as-builts and GIS information*

*Sewer system in Peninsula is complete and was recommended for acceptance on May 17, 2004. Accepted by Township Board on June 1.*

*Brookfield Homes (Ford Road) was accepted by the township board on May 18 contingent upon provision of as-builts and GIS information.*

*Dominion Phase V escrowed funds on Dec. 16 for inspection of their collection system.*

*Northwinds escrowed funds in January for inspection of their collection system.*

*During site plan review the required number of REUs are assigned. Building permits are not issued for buildings where sewer is available without confirmation that they are included in a sanitary sewer district or that new tap fees have been paid in cash. Development that requires more REUs than those paid for in the original assessment are required to pay for those additional REUs in cash prior to the issuance of a building permit*

<i>3 REUs purchased by Eagle Business Unit 3 12-33-303-003</i>	<i>9-02</i>
<i>4 REUs purchased by Rand Construction 12-33-303-005</i>	<i>9-02</i>
<i>4 REUs purchased by Eagle Business Unit 2 12-33-303-002</i>	<i>10-02</i>
<i>6 REUs purchased by Eagle Business Unit 13 12-33-303-013</i>	<i>10-02</i>
<i>4 REUs purchased by Eagle Business Unit 1 12-33-303-001</i>	<i>10-02</i>
<i>2 REUs purchased by Ginny's Dance Studio</i>	<i>12-02</i>

12-32-201-113	
2002/03 fiscal year total (7-01-02thru 3-31-03)	23
6 REUs purchased by Eagle Business Unit 12 33-303-012	4-03
5 REUs purchased by Avio Showroom 19-300-036	4-03
3 REUs purchased by Ultimate Body on Old US 23 12-32-104-077	9-03
1 REU purchased by Northwinds for spec home 12-08-200-019	10-03
2 REUs purchased by Town and Country Animal Hospital 12-29-200-033-00	11-03
14 REUs purchased by Peninsula for water treatment 12-20-400-033	11-03
1 REU purchased by Brighton Crossing 12-32-300-062	11-17-03
4 REUs purchased by Crane Construction 12-04-300-046	12-09-03
1 REU purchased by Livingston Building Co. Lot 17 12-20-401-007-00	12-03
1 REU purchasd by Livingston Building Co. Lot 7 12-20-401-017-00	12-03
2003 total	38
4 REUs purchased by Livingston Building Co. Bldg. E 12-20-401-067 12-20-401-068 12-20-401-069 12-20-401-070	1-19-04
6 REUs purchased by Eagle Business LLC Units 6-9 12-33-303-006	1-30-04
1 REU purchased by Belanger Builders 12-32-201-114	1-30-04
1 REU purchased by Dreamwork Builders 12-20-401-004	2-11-04
1 REU purchased by Livingston Bldg. Co. 12-20-401-035	3-05-04
1 REU purchased by MI Development 12-20-401-033	3-11-04
45 REUs purchased thru special Spencer Road special assessment district. Payment over 20 years.	03-04-04
1 REU purchased by Northwinds Development 12-08-201-010	3-24-04
10 REUs purchased by Cornerstone Presbyterian 12-20-100-048	03-29-04
5 REUs purchased by Blue Water Car Wash 12-32-201-009	03-30-04
6 REUs purchased by Livingston Building Company 12-20-401-061 12-20-401-062	03-30-04

12-20-401-063	
12-20-401-064	
12-20-401-065	
12-20-401-066	
6 REUs purchased by Brookfield Homes	03-31-04
12-34-301-004	
1 REU purchased by Livingston Building Co.	03-31-04
12-20-401-019	
1 REU purchased by Michigan Shower Door	03-31-04
12-20-400-016	
<b>2003/04 Fiscal Year (4-01-03 to 3-31-04) total 82 plus 45 on Spencer/23 spread on the tax roll for 20 years 127 total</b>	
2 REUs purchased by Rick Fraser	06-24-04
12-19-038 and 12-19-039	
4 REUs purchased by Pulte Homes	07-30-04
12-29-401-105	
12-29-401-106	
12-29-401-107	
12-29-401-109	
1 REU purchased by Northwinds	08-13-04
12-08-201-013	
2 REUs purchased by Lake Dominion	08-24-04
12-29-100-052	
1 REU purchased by Livingston Bldg. Co.	09-13-04
12-20-401-010	
3 REUs purchased by Dominion	09-24-04
12-29-401-124	
12-29-401-125	
12-29-401-126	
2 REUs purchased by Brighton Commerce Center	09-24-04
12-09-100-027	
9 REUs purchased by Lake Dominion LLC	10-04-04
12-29-100-052	
1 REU purchased by Brighton Oaks	10-05-04
12-29-204-001	
8 REUs purchased by TMA One, LLC	10-08-04
12-33-300-032	
1 REU purchased by Livingston Bldg. Co.	10-14-04
12-20-401-032	
1 REU purchased by Livingston Bldg. Co.	10-21-04
12-20-401-011	
<b>Fiscal Year 2004/05 (4-01-04 to 3-31-05) total</b>	
<b>Fiscal year Total</b>	<b>35</b>

Total REUs sold since system start up June 2002      184  
 140 cash      44 on tax roll for 20 years

3-31-04 memo from financial adviser indicates that in order to keep the capital charge at \$36 per quarter per REU 84 new REUS must be added annually. The 44 REUS sold to Spencer/23 will not receive quarterly bills until that system is operational at the end of 2004. To be on target for Oct. 31 or 2.42 years after start up on 6-01-02 203 REUs should have been sold. Expectation in financial planning was that all REUs would be sold for cash.

When commercial parcels apply for a change in use with the building official, the township manager reviews the REU assignment for the building as it relates to the new use of the building or an individual suite in that building. If additional REUs are required, the applicant is notified and the occupancy permit is not issued until the additional REUs are paid in cash.

One church and two residential properties were notified of the need to purchase additional REUs. Church has paid for these REUs in full. One residential property owner has purchased the required additional REUs. Second property owner

Township board has required that master deeds for developments where sewer is not available include language in the master deed indicating that when sewer is available property owners will be assessed and required to connect.

- Review all Township Ordinances and Policies and amend as appropriate, specifically the sewer ordinance and the sewer policies.  
*Revision of policies has been completed. Policies were adopted at the July 6 board meeting. Ordinance review will begin at utility committee August meeting.*
- Prepare a utility master plan to determine short and long term sewer and water needs and identify potential future districts.  
*15 proposals received. Committee met on Nov. 18. Selected 3 firms for an interview. Recommendation for contract was on board agenda for Dec. 16. Contract awarded to Ayres, Lewis for engineering portion and to Project Innovations, Inc. for public relations portion of utilities master plan.  
 01/22/2004 Board committee met with Ayres Lewis on Jan. 8 to begin process of preparing master plan.  
 First of the series of public meetings was held on April 5. Second in the series were held on April 26 and 29. Third series of meetings was held at 7 p.m. and at 2 p.m. on May 20. Draft plan was presented to board*

on Sept. 21. A public open house was held that day also. Committee meets monthly with Ayres, Lewis for a plan status report. Public meetings are taped for rebroadcast. All three meeting tapes were aired prior to the August 30 meeting.

*Questions and answers from the meetings along with meeting summaries are on the web site. Master plan was on web site by Sept. 30.*

- Sewer Committee and Township Staff will identify areas of the Township that can be successfully served. A plan to attract those new users will be developed for each area identified.

*Master utility plan to include a public relations portion aimed at obtaining public comment and educating the public on the value of being connected to the sanitary sewer system.*

1. Areas that were originally interested in being served will be revisited. Specifically, Lake-of-the-Pines Area and Clark Lake Area.

*As part of deficit elimination plan, the financial impact of assessing these areas will be studied.*

*These areas are being studied as part of the master plan process.*

2. Areas such as the business corridor near the Old 23 & Hyne Road intersection will be targeted.

*Supervisor, manager and engineer have met with various parties interested in obtaining sewer along Old US 23. They have also met with persons interested in developing vacant parcels on Grand River where sewer is available.*

*Interested property owners are always advised to participate in the master plan process.*

*Engineer responded on Oct. 21, 2003 to township request to review possibilities of increasing capacity of existing 6" force main on Old 23 thru use of multiple pump stations.*

*Township staff and board have worked with property owners at Spencer Road and Old US 23 to create a special assessment district to serve properties in that area. Road Commission has approved design. Application for permit to construct sent to DEQ on Oct. 28, 2003. Project advertised for bids on Jan. 3 and 10. Bids were opened at end of January. Hearing on special assessment roll held on March 4. Bonds were sold on May 6. Closing took place on May 19, 2004. Equipment and materials have been ordered. Meeting held with property owners to update them on project*

*schedule and other construction information.*

*Directional bore segments started in August. Open cut work to be done in September. Contractor anticipates two to three months for construction.*

3. School facilities such as Hilton Elementary where sewer is close by will be re-investigated.

*Supervisor has met with Superintendent of Schools to discuss connection of Hilton Elementary to the township sanitary sewers. Letter sent making offer to connect at original rate by Dec. 31, 2003. School has declined the offer and will not connect at this time.*

4. Meet with representatives from surrounding communities to identify potential customers.

*Meetings were held with Green Oak Township. Green Oak elected to go with the Hidden Lake plant for financial reasons.*

- C. Township will prepare list of assumptions made to date and document premise for actions taken as appropriate.

- D. Township to provide periodic system status reports to sewer system customers.

*Report provided to board at first meeting of each month.*