

CHARTER TOWNSHIP OF WHITE LAKE
Approved Minutes of the Special Board of Trustees Meeting
February 27, 2020

Supervisor Kowall called the meeting to order at 5:31 p.m. He then led the Pledge of Allegiance.
Clerk Lilley called the roll:

Present: Rik Kowall, Supervisor
 Terry Lilley, Clerk
 Mike Roman, Treasurer
 Michael Powell, Trustee
 Andrea C. Voorheis, Trustee (arrived late)
 Liz Smith, Trustee (arrived late)

Also Present: Lisa Hamameh, Attorney
 Aaron Potter, DPS
 Mike Leuffgen, DLZ
 Laura Gruzowski, DLZ
 Tom Traciak, Baker Tilly
 Jennifer Edens, Recording Secretary

Absent: Scott Ruggles, Trustee

AGENDA

It was MOVED by Clerk Lilley, SUPPORTED by Treasurer Roman to approve the Agenda. The motion passed by voice vote (4 yes votes).

PRESENTATION / DISCUSSION SAW GRANT

Mike Leuffgen and Laura Gruzowski of DLZ provided a SAW Grant overview using a PowerPoint presentation. Mr. Leuffgen noted that in 2013 the SAW Grant Program was introduced to the Board when the applications were due to the state. The funding was approved in 2016 for a period that wrapped up in December 2019. This is a summary of everything that was accomplished under the Grant. Mr. Leuffgen is excited about some of the tools they have been able to build for the Township and moving forward some of the things the Township will have at its disposal to help aid in capital improvement plans, utility, maintenance, and management.

\$450 million dollars was dedicated by the state to accelerate statewide use of asset management plans. It will be a point of interest moving forward for the DEQ. Without an asset management plan, it will be more difficult to obtain certain permits.

SAW Grant Overview

- Overall total project costs were \$570,000 and the Township is well below that – under budget.
- Five key components required by the state

- Asset Inventory
- Asset Criticality
- Level of Service Goals
- Capital Improvement Plan
- Revenue Structure

Mr. Leuffgen pointed out that the replacement costs of the asset utilities would be \$80.7 million to start fresh or get to where the Township is now.

Ms. Gruzowski highlighted the following:

- Level of Service – How the Township defines how they want the wastewater system to operate
 - Social
 - Environmental
 - Economic
 - Customer Service
 - Reliability
 - Administration
 - Health and Safety
 - Regulatory Compliance
 - Organizational Development
 - Environmental Stewardship
 - Financial Component

Questions asked while putting together the levels of service were:

- How does the Township and WRC track and respond to customer needs/complaints?
- Are staffing levels sufficient to provide property customer service?
- Are current O&M activities cost effective and are they being maximized?
- How can current processes be improved?
- Are assets being properly maintained to ensure reliability and sustainability?

Things that were looked at while putting together the levels of service were:

- Current population within the Township.
- Population trends and how it will affect the underground infrastructure.
- How it will affect our wastewater assets moving forward.

Mission Statement - Strive for a sustainable township that balances the community's economic, environmental, and social needs. Promote the identify of White Lake Township, as a small country town with big city amenities by protecting and preserving natural features, encouraging redevelopment of obsolete properties, and directing growth and redevelopment of a central community core.

She noted that they used a color-coding rating system throughout the report to rate themselves as to each goal set forth.

- No improvement needed
- Acceptable

- Improvement necessary

Examples of current and future targets:

- Maintain and replace equipment as necessary to retain compliance
- Protect communities from hazards of sewer backups and traffic
- Minimize sanitary sewer overflow
- Provide better education

Trustee Powell asked if the Township has experienced any sanitary sewer overflows. To which he was informed that there was one last week at the Town Center and one two-years ago at Pontiac Lake. He asked if the overflows were contained or if it flowed into the environment. It was noted by Mr. Potter that the Pontiac Lake flowed into the environment, but the Town Center was contained and that the cause of it was improper grease disposal.

Laura Gruzowski continued:

Asset Criticality

- How likely the asset will fail (probability of failure) and the consequent of failure.
- Each asset assessed was assigned a criticality.
- A business risk evaluation (BRE) score was developed for each wastewater asset, which aids in the capital improvement planning process.

Trustee Powell asked what is the definition of failure within the asset plan; is it a failure that would be recognized by the general public or a failure recognized within the system and by an engineer? To which Ms. Gruzowski answered by recognizing the system by the engineer.

Treasurer Roman clarified that the costs of the investment for asset management plans are covered by the SAW Grant. He noted that you can't use the money to buy new pipe, for capital or assets. You can only use it for planning.

Aaron Potter interjected that the state offered these grants because they see the need and value in helping smaller communities develop asset management systems. This grant allowed us to get into each manhole, T.V. them, develop an asset assessment, and rank the repairs onto the asset management plan out twenty-years.

Trustee Powell clarified that we want to understand the failure prior to it happening.

Mike Leuffgen indicated that without this opportunity we wouldn't have the ability to get into the system as much as we have.

Laura Gruzowski continued:

Asset Criticality – sewer main and manholes

- Consequence of failure determined by:

- Diameter of asset
- Surface type of asset
- Distance to surface water
- Number of customers
- Roadway impact.
- Probability of failure - structural condition ratings (NASSCO)
 - Age and material
 - H2S concerns

Asset Criticality – pumping stations

- Inspections and condition assessments performed at all 10 pumping stations
 - Condition assessment for prioritizing
 - Looked at environmental impacts
 - Who will be impacted?
 - Number of customers upstream of it
 - Pump condition
 - Structure condition
 - Electrical components of failure

Aaron Potter added that when DLZ went out with Oakland County to assess the stations, they used Oakland County's check sheet.

Mike Leuffgen indicated that about half of the pumps showed issues that are indicative that they will need to be replaced soon. He displayed two stations where defects were found, White Lake Estates and Cranbury Lake Estates. He believes more dialogue between the Township and the County is necessary regarding what happens at these stations moving forward.

Summary on Criticality

- 14 sewer segments fell into the critical range
- 46 sewer segments fell into high risk range
- 0 manholes fell into critical range
- H2S/odor control improvements needed
- Several pumping station repairs and pump replacements are needed in 2020
- Grease accumulation in six of the ten stations
- Several pumps need replacement
- WRC identified the need for SCADA improvements

Aaron Potter indicated that it is critical that the contract be looked at. We are at 45% of our capacity and he is being told, as other communities are being told, to find new sources and that Commerce Township needs new customers. He personally has never been successful with Commerce Township.

Mike Leuffgen noted that the cool thing about grant was that we were able to get a water condition assessment. The bad part is we found some defects and part of the project puts together a capital improvement plan. He displayed a twenty-year capital improvement project plan.

- Capital improvement subtotal \$15,181,000
- Operation & Maintenance subtotal \$4,160,000
- Wastewater System Total \$19,341,000

He notes that this is a scary number, but it is cheaper than total replacement and that we need to be proactive.

Project Outcomes – GIS

- GIS system updated with most current wastewater system information
- Asset information updated (pipe sizes, pipe material, etc.)
- Criticality of system assets identified
- As-builts drawings, manhole sewer inspection reports & CCTV integrated into GIS
- Software, hardware and training

Treasurer Roman confirmed that Tom Traciak is doing a rate study for both water and sewer. It was confirmed that it is part of this and funded by this.

Tools acquired through the Grant:

- Magnetic finders
- GPS locating equipment

Project Outcomes – FOG Program Implementation

Grease and fat cells are an issue throughout the township and as part of the SAW Grant a grease detection inspection program was developed.

- Reduce sanitary sewer overflow
- Reduce grease in the system
- To prevent sewer line degradation

FOG entering the system is due to lack of grease control devices, maintenance and commercial kitchens, and lack of pumping station maintenance.

Trustee Powell reminded that when you put hot grease down your sink it flows nicely when it is hot, but when it gets to your street or cold septic system it solidifies and sticks to the size and eventually closes it off.

Laura Gruzowski indicated that they looked at the existing Sanitary Sewer Ordinance to see what type of language is in it to allow township staff to go in and inspect these properties. Also, to see if there are enough teeth in that ordinance to allow for cost recovery language when problems are found. She indicated that it is common that most community ordinances don't have FOG requirements/restrictions. There is a statewide review of ordinances and nationwide problem of properties not maintaining their systems.

- Updates to the Sanitary Sewer Ordinance were made
- 32 properties were inspected (churches, bars, fast food, senior centers, etc.)
 - Data entered into the GIS and Cityworks Software
- Developed FOG inspection documents
- Developed enforcement procedures and schedules
- Brochures created for education

Program Assessment

- The Township spends approx. \$800 per year on FOG Inspections
- Future Incentives
 - Continuing public education
 - Cost recovery/violation fees

Trustee Powell noted that on newer facilities they put tanks outside of the kitchen to catch the grease and avoid it entering the system. Aaron Potter confirmed that they do require this now.

Project Outcomes – Wastewater System Modeling

- Hydraulic Sewer Model – Gravity & Pressure Systems

Project Outcomes – Wastewater Management Plan

- A copy must be on file with the Township for review upon request for 3 years.
- It is a living document that will be updated as assets change.

Next Steps:

- Continue high level service to customers
- Continue coordination with WRC
- Continuing with GIS/Cityworks updates
- Continuing FOG Inspection Program
- Continuing Sanitary Sewer Ordinance revisions
- Implementation of capital improvement project plan
- Capital improvement project plan updates
- WRC CCTV of Non-Inspected Pipe Segments
- Pumping station inventory/assessment (2024)
- Financial planning

Supervisor Kowall thanked DLZ for their time and presentation as it is very helpful.

Trustee Smith thanked DLZ for a very comprehensive presentation.

Tom Traciak of Baker Tilly stated that asset management is a great tool. The difference with asset management is when you take a twenty-year view of your capital it lets you better manage rates over time. He describes it as a three-legged stool:

- Rate management

- Cash balance management
- Capital spending

In his presentation he used only cash funding. He did not assume any bond issues. He furthered that an asset management plan is a living document that should be updated annually. It is a great planning tool to manage your rates.

Mike Leuffgen in response to Trustee Powell's question asking for clarification of the definition of customer service and if sit anticipates resident service indicated that it is just the existing system.

Mr. Traciak provided the Board with Cash Flow Analysis- Sewer. He looked at historical audit, historical budget, current year budget, forecast of operations in doing the financial study. Ultimately, they do the cash flow which is where they intersect with the engineers. The figure of \$19 million is included in the cash flow on a year-by-year basis. He noted that the fees are going to specific things and that only the fees go to the Township as the other revenues go to the County.

He noted that there is a significant shortage of the Township's annual rates. He developed an annual rate needed to fund expenses, capital improvements and debt.

Mr. Traciak reviewed the White Lake Township (Michigan) Sewer Fund Cash Flow Analysis – Sewer he shared with the Board to explain the shortages and increases over several years.

Supervisor Kowall asked if there is a model that Mr. Traciak has done that takes the \$62.03 and tied the average of the last five years of CPI into it and had that at a great tragedy rate where it comes across all the way and you build a high reserve faster.

Mr. Traciak responded that they use an inflation factor on the rate typically but did not here because it is like a pebble in a quarry. He would advise the Township to not try and use a rate track where the rate bounces significantly.

Trustee Powell asked for it in terms of how/what the impact of the residents.

Mr. Traciak indicated that the typical homeowner bill is \$168.88 per quarter (\$176). The \$62 would be added to this number to show what we would be receiving for the total bill of \$238.

Treasurer Roman noted that out of the \$168.88 the Township gets approximately \$40 and the County and Commerce get the rest.

Trustee Powell feels it is easier to digest smaller increases.

Mr. Traciak is hesitant about the idea of using connection charges as savior being built into the cash flow.

Supervisor Kowall indicated that as debt falls off, we could use those charges along with a rate increase it could put us into a better position and as the system grows the revenue increases (genie in a bottle). He

shared conversations he and Treasurer Roman have had regarding ideas of transferring funds to assist with the capital improvements and asked that Mr. Traciak incorporate it into his system.

Mr. Traciak confirmed they could help model that. He forewarned that the capital spending is assumed as taking off pretty quick, so there isn't a lot of time or flexibility to implement user rate to help fund that. A few things that can mitigate that is the right timing and is there something that can be grouped together. He indicated there is not wiggle room right now. He believes the Board needs to talk about:

- Connection charges
- Capital improvements over the next three years
- Do you want to start looking at any of these in the next 5 to 10 years?

He advised that the Board focus on those things. This is a management report, not a rate study.

Trustee Powell shared that the Township is already an extremely expensive community for business to move into and people don't want to tie into the sanitary sewer because it is too costly. He reminded that if you put it into maintenance fees it is an expense that can be paid back over years.

Aaron Potter opined that there is a need to get going on this asap. The criticality assessment determines priority of projects. We really can't wait to get going on the projects. The SCADA system is going to die and then we don't have the system anymore. The most critical are the things you do every year.

Treasurer Roman reminded that the sewer debt is very manageable right now. The Township has already paid back a lot of debt. He thinks the use of capital connection fees should be given some strong consideration.

Supervisor Kowall stated that from the standpoint of projects out there, there is a good chance that the Township will be in a good cash flow position with new construction. He sees some solutions, but it may be in multiple directions. The last thing he wants to do is tell a homeowner that their rate is going to double. People are more palpable to gradual increases.

Trustee Powell would much rather take on Commerce Township and stand up for the residents. He would rather make them mad at us than the residents.

Treasurer Roman shared the inequity he saw within the contract. The residents in White Lake pay \$176 a quarter and \$130 of that goes to Commerce Township and Oakland County. The residents in Commerce Township pay the same \$130, but they get their whole system maintained. To where White Lake gets a pipe and usage of the sewer plant. He declared either cover our system or reduce the \$130.

Supervisor Kowall believes White Lake Township should be receiving a wholesale rate.

Aaron Potter doesn't like that we keep calling it their system, when in fact it is the system.

Lisa Hamameh reminded that they expanded the system to expand to White Lake.

Trustee Smith stated that all the Board can do right now is the very best it can do for the residents in the meantime. She believes the Board must advocate for the residents.

Clerk Lilley state that if the Board adopts an agreement that isn't followed it isn't worth the paper it is written on. We need to follow the path that was agreed on.

Aaron Potter talked about the technology. The asset management tools Cityworks – it allows us to manage each individual asset, the SAW Grant helped us build this through a separate proposal. We can manage right down to any level of detail that we want to. It allows them to track work, schedule workorders, paperless, have created close to 5,000 since start in 2017. He gave a brief tutorial of the program including the mapping tool. He showed by way of reference the capability of the software including the panoramic navigating photo, like that of google maps.

Supervisor Kowall would like to schedule some time to talk about a prioritized list. To see what direction the Township needs to go in. He would love to sit down with Tom Traciak and Treasurer Roman to discuss ideas and options available.

ADJOURNMENT

It was MOVED by Treasurer Roman, SUPPORTED by Trustee Smith to adjourn. The MOTION PASSED by voice vote (6 yes votes).

The meeting was adjourned at 7:53 p.m.

I, Terry Lilley, the duly elected and qualified Clerk of the Charter Township of White Lake, County of Oakland, State of Michigan, hereby certify that the foregoing is a true copy of the February 27, 2020 special board meeting minutes.

Terry Lilley

Terry Lilley, Clerk
White Lake Township
Oakland County, Michigan