

WEDNESDAY, JUNE 15, 2022

DW&amp;S

REGULAR MEETING

The regular meeting of the Bay County Road Commission, Department of Water & Sewer, was called to order at 9:59 a.m., at 2600 E. Beaver Road, by the Chairman, William Jordan

Roll Call: William Jordan, William Schumacher & Jacob Hilliker

Also present were: Road Commission Representatives: Jim Lillo, Engineer-Manager, Lisa VanDusen, Account Clerk II/Clerk of the Board; Dept. of Water & Sewer Representatives: Bill Bohlen, Director; Ryan Goebel, WTP Superintendent; and Keri Christian, Accounting Manager; Supervisors – Glenn Rowley, Bangor; Terri Close, Hampton; Samuel Davidson, Kawkawlin; and Terry Spencer, Monitor; George Augustyniak, Fraser Township Trustee; Terry Biederman, Greg Gucwa & Tim Currie, DLZ Michigan; Kevin Shark, Fraser.

Commissioner Jordan moved to approve the minutes of the June 1, 2022 meeting. Motion was adopted on a roll call vote:

Yeas: Schumacher, Hilliker & Jordan

PUBLIC INPUT – NONE

Commissioner Jordan moved to approve and execute an Agreement with Eric Construction of St. Charles in an amount not to exceed of \$1,978,823.00 for construction services related to the 2022 Watermain Improvement Project. Motion was adopted on a roll call vote:

Yeas: Hilliker, Schumacher & Jordan

Commissioner Jordan moved to approve Pay Application #4 for the Ranch/Westlawn Pump Station Rehabilitation Project to RCL Construction Inc. of Sanford, MI for an amount of \$199,667.52 as prepared and approved by the Township, Project Engineer, Project Manager, and Director. Motion was adopted on a roll call vote:

Yeas: Schumacher, Hilliker & Jordan

Commissioner Schumacher moved to close regular session at 10:09 a.m. Motion was adopted on a roll call vote:

Yeas: Jordan, Hilliker & Schumacher

Commissioner Schumacher moved to open Public Hearing at 10:09 a.m. Motion was adopted on a roll call vote:

Yeas: Jordan, Hilliker & Schumacher

**Q. William Jordan, Bay County Road Commission Chairman** – Are any of our other tanks have problems like that?

**A.** Not on the overflows no.

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Q. **William Jordan, Bay County Road Commission Chairman** – And what is that? How long do they (tanks) last?

A. **Greg Gucwa, Engineer DLZ Michigan** – You're probably talking forty years plus on these tanks. And they're very little maintenance compared to prestressed and those things, you don't need to paint them or anything like that. So, they're pretty low maintenance.

Q. **William Jordan, Bay County Road Commission Chairman** – One additional question. Why two 5 million and not one 10 million?

A. **Greg Gucwa, Engineer DLZ Michigan** – The bolted steel tanks don't come in a diameter big enough to go to a single 10 million. And there are a couple of advantages to having two 5 million. You can take one out of service and/or do maintenance on it and still have 5 million gallons of raw water to be able to process, so there are some advantages to going with two tanks over the one. I guess the other thing to bring up at this point, you do have two feed lines coming from Saginaw and Midland into it, into the plant itself and the piping itself will be set up and you can feed off of either line into either tank. So, if you happen to lose one line for maintenance, you still have the other line and you can still fill the tanks equally in either fashion. So, we have the flexibility for operational purposes.

Q. **William Jordan, Bay County Road Commission Chairman** – So are we locked in at this rate?

A. **Tim Currie, Engineer DLZ Michigan** – Yea, for 2023 its 1.875. The actual interest rate will be locked in if you get funded and the loan is approved at this time. This is what it is currently, this may go up and down a little but in the current atmosphere this is going to be half or probably less than half of what the current market rate is.

Q. **William Schumacher, Bay County Road Commission Vice-Chairman** – Has EGLE put a deadline on when these improvements have to be done?

A. **William Bohlen, Director DWS** – When we submit our project plan, and assist me team if you would like, but when we submit our project plan by July 1<sup>st</sup>, we have submitted in there, and we will be getting into the schedule here in a couple slides, but we have a project plan in place with the schedule, provided that we hit funding at the appropriate time. So, we do have a time period in which, if we get funded, that we have to construct in per the schedule, correct?

A. **Terry Biederman, Vice President DLZ Michigan** – Yea, well, that's correct, essentially, they have a schedule for the Fiscal Year 2023, what quarter you go after and were, I think were going to have to go after the 3<sup>rd</sup> quarter funding in 2023 I believe. So, there's 1<sup>st</sup> quarter funding, 2<sup>nd</sup> quarter funding, and obviously that's passed for 2023, however, again, there's probably 40% of the money that was allocated were only for a couple of projects on the prioritization list, you know, and they were big, there were some 60, 70 million dollars apiece, you know, it's a moving target. Like Bill mentioned earlier, they

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could delay projects, they could phase projects above that which then frees money up moving down, and who knows the way things are going now, they may next quarter say, were going to get, were going to maybe add some more money to the pot and change prioritization. So, you having the project plan in play by July 1, gets you in the game. That was why staff decided to do that. Again, you're not obligated to do anything at the end of the day. But it gets you into the game, and if you don't get into the game, you can't play.

**Q. William Schumacher, Bay County Road Commission Vice-Chairman** – I believe in the material you sent me, the 1.875% interest that would require a \$0.22 rate increase. Is that correct?

**A. William Bohlen, Director DWS** – If that's ultimately where we land on this, yes.

**Q. William Schumacher, Bay County Road Commission Vice-Chairman** – Then do you know the difficulties we had with our simple \$0.13, did you get a lot of pushback, feedback on \$0.22? If you don't get the loan, from court, and you have to go the bond route, you're at 4-6%, that's probably \$0.25 plus, either or.

**A. William Bohlen, Director DWS** – The only way I see this project advancing is if we get a DWRP loan approved for this, and my hope is, is like I said, is to try and get that forgiveness on this project as well. So, that would be more than likely coming at, into the next fiscal year is the debt forgiveness portion. A lot of the money that is coming out of Washington DC is being held up right now and its anticipated we won't see any of that really starting to flow into the state channels until after the fall general election.

**A. Terry Biederman, Vice President DLZ Michigan** – Just to add to that Bill, a lot of the debt forgiveness stuff going on right now is related to lead service line replacement because its such a high priority. So, programs and project plans are focusing on lead service lines are being prioritized for debt forgiveness, or loan forgiveness I should say at this point.

**Q. William Schumacher, Bay County Road Commission Vice-Chairman** – Is there a percentage or a total for forgiveness?

**A. Terry Biederman, Vice President DLZ Michigan** – Well it's a percentage. I think it's around 40% or so. It's a decent amount.

**Q. William Schumacher, Bay County Road Commission Vice-Chairman** – And how many years?

**A. Terry Biederman, Vice President DLZ Michigan** – For?

**Q. William Schumacher, Bay County Road Commission Vice-Chairman** – And the DWRP loan, how many years does it take to pay it off?

**A. Terry Biederman, Vice President DLZ Michigan** – Twenty. You'll see the slides, and your question earlier, about taking this interest rate and comparing it to what's on the

market, we used a lower number than probably what's going to be available pretty soon, and you'll see it's a nice difference, it's a big delta, that I think you guys will.... then again, I think you can see the graph, it's coming up on the next slide.

Q. **William Schumacher, Bay County Road Commission Vice-Chairman** – And the 1.87, that's for this year, what's next year? If you don't get it, you apply again, what do you think the rate would be?

A. **Terry Biederman, Vice President DLZ Michigan** – I wouldn't think its going to go much lower, 2, 2.1. They typically float in that area. I don't think I've ever seen them above 2.5.

A. **William Bohlen, Director DWS** – This rate, the 1.87 is definitely down from when we financed the plan through DWRF. This is the same funding mechanism that we did through DWRF.

A. **Terry Biederman, Vice President DLZ Michigan** – You're probably 2.25 on the plan.

A. **Tim Currie, Engineer DLZ Michigan** – So it would be an annual savings of interest of \$153,000, a little under that.

Q. **George Augustyniak, Fraser Township Trustee** – I didn't understand when they went through this alternative of 2 transmission lines from Saginaw and Midland. What advantage was that, because that wasn't fresh water coming in, that was water that still needed to be treated, right? So what advantage was that? Why would you even look at that?

A. **Greg Gucwa, Engineer DLZ Michigan** – It would be a redundant system to improve reliability, but, like you said, it wasn't beneficial enough to be chosen.

A. **Terry Biederman, Vice President DLZ Michigan** – It's not a feasible option.

A. **Tim Currie, Engineer DLZ Michigan** – One of the things that you can do if you had another transmission line coming in and you can say ok, I got more than redundancy on my supply, I can take a 10-million-gallon tank, so you have enough supply that you can always get it to the plant. The problem with that approach is that if you lose a filter or two filters, or whatever, in the plant, you can't produce the water.

Q. **Kevin Shark, Fraser Township Resident** – What's the reasoning by these two new tanks being the finished water and leaving the 10 million the raw?

A. **Tim Currie, Engineer DLZ Michigan** – The lines coming in off of Euclid are closer to those two locations, so it's easier to pipe that in there other than putting the finished water out there.

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A. **William Bohlen, Director DWS** – Let me build on that. The existing 10-million-gallon tank has repairs that needs to be done, and when we build these two raw water tanks, to put them in line, that'll give us the opportunity to go and take that concrete tank down, do the repairs that need to be done, and then we can turn it into a 10-million-gallon finished tank, because that was originally a 10-million-gallon finished tank.

Q. **William Jordan, Bay County Road Commission Chairman** – Yea, what's it going to cost us to put this plan together?

A. **Tim Currie, Engineer DLZ Michigan** – Project Plan?

Q. **William Jordan, Bay County Road Commission Chairman** – Yea, what you guys are doing.

A. **Terry Biederman, Vice President DLZ Michigan** – You already approved that I think was \$27,000.

Q. **William Jordan, Bay County Road Commission Chairman** – So we approved it, we just have to have a public hearing? Is that what we're doing?

A. **Terry Biederman, Vice President DLZ Michigan** – Yes. You'll pay for the plan, which by the way, I'd say, if you wanted to fold it into the loan, you can finance that, you can do that as well. Or you can just pay it as an expense. That's already been allocated, paid for, and then you can either like I said, fold it into the loan or get paid back, however you want to, you probably wouldn't want to do that, but, you can. So, this public hearing is to get the aspect that, we've got to cover the public hearing, the project plan has been posted on the local paper, it's been in the office where people can see it if they want to come in and see it. So, from there, you know you're not, again, what happens is, any public comment that comes in here that needs to be addressed we would address that and then that would become part of the final project plan, and that has to be submitted to EGLE by July 1<sup>st</sup>.

Q. **William Jordan, Bay County Road Commission Chairman** – Do they fund completely on this, or will we ever get a partial? How does that work?

A. **Terry Biederman, Vice President DLZ Michigan** – You mean if you did like 1 tank for instance?

Q. **William Jordan, Bay County Road Commission Chairman** – Well, I'm just saying that somebody has to determine if we're going to get this loan or not. Since we applied for the loan, is it typical that you get the full amount you apply for, or do they ever give you a partial?

A. **Terry Biederman, Vice President DLZ Michigan** – Well, it depends on the size of the project. In this case, the size of the project, the whole amount is in the fundable category. So, the answer, in my opinion, you never say, ever perfect right, in this case that project has been listed as at the 11-million-dollar mark or so, or 12, whatever the number was, and that

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is on the list. We haven't mentioned anywhere, you know we wanted to segment that, or anything like that. So, the answer, my answer, would be yes. It would be the full amount. That's what you'd be going for. Now you could probably come back and say we only want to do one tank this year, and then you could maybe segment it yourself. But I don't know why you would want to do that because you've got mobilization, you know, costs of construction go up quite a bit.

Bill Bohlen stated people had the right to send in questions electronically during that 30 day period and he not receive any, zero.

Commissioner Schumacher moved to close Public Hearing at 10:48 a.m. Motion was adopted on a roll call vote:

Yeas: Jordan, Hilliker & Schumacher

Commissioner Schumacher moved to open regular session at 10:48 a.m. Motion was adopted on a roll call vote:

Yeas: Jordan, Hilliker & Schumacher

Commissioner Schumacher moved to approve and execute the resolution as it relates to the DWSRF Project Plan Adoption and the Designation of Authorized Project Representative. Motion was adopted on a roll call vote:

Yeas: Hilliker, Jordan & Schumacher

Commissioner Hilliker moved to approve payroll for the period of 5/22/22 through 6/4/22 in the amount of \$135,429.03. Motion was adopted on a roll call vote:

Yeas: Schumacher, Jordan & Hilliker

Commissioner Hilliker moved to approve bills in the amount of \$809,969.76. Motion was adopted on a roll call vote:

Yeas: Schumacher, Jordan & Hilliker

Commissioner Hilliker moved to approve June 2022 Credit Card Report. Motion was adopted on a roll call vote:

Yeas: Jordan, Hilliker & Schumacher

Commissioner Jordan moved to receive and execute MOU #1-2022 with Local #546 of the UWUA to approve the permanent addition of the classification of Utility Locator within the bargaining unit. Motion was adopted on a roll call vote:

Yeas: Schumacher, Hilliker & Jordan

Commissioner Jordan moved to approve the May 2022 Technical Advisory Committee Meeting Minutes. Motion was adopted on a roll call vote:

Yeas: Schumacher, Hilliker & Jordan

DIRECTORS REPORT – Inflation rate down to 8.2% - Hired a new Operator and Custodian – WWTP Operator interviews to begin next week.

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Commissioner Jordan moved to approve Directors Report. Motion was adopted on a roll call vote:

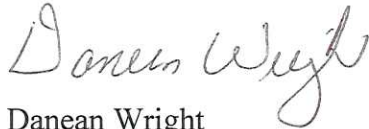
Yeas: Hilliker, Schumacher & Jordan

PUBLIC INPUT – NONE

There being no further business before the Board, Commissioner Jordan moved to adjourn the meeting until Wednesday, June 29, 2022 immediately following the Road Department meeting. Motion was adopted on a roll call vote at 11:00 a.m.:

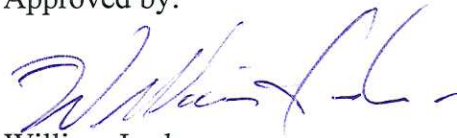
Yeas: Schumacher, Hilliker & Jordan

Respectfully Submitted by:



Danean Wright  
Clerk of the Board

Approved by:



William Jordan  
Chairman of the Board