Additions

Peninsula Township
Invoice Approval Report

11/22/2016 02:09 PM

VENDOR	DESCRIPTION/DISTRIBUTION		AMOUNT
AVERY MARY	MILEAGE		$117.72
	101-253-870.000	*99.36*	
	508-000-870.000	*18.36*	
BS & A SOFTWARE	BS&A TRAINING		$5,830.00
	101-215-960.000	*2,915.00*	
	101-253-960.000	*2,915.00*	
CAPITAL ONE COMMERICAL	SUPPLIES		$45.73
	206-000-726.000	*26.97*	
	508-000-930.000	*18.76*	
CONSUMERS ENERGY	NOVEMBER 2016 OFFICE		$309.26
	101-265-921.000	*309.26*	
CONSUMERS ENERGY	BOWERS HARBOR PARK		$29.11
	208-751-921.000	*29.11*	
CONSUMERS ENERGY	NOVEMEBR 2016 TOWNHALL		$53.32
	101-265-921.000	*53.32*	
CONSUMERS ENERGY	NOV 2016 PENINSULA CEMETERY		$22.57
	101-265-921.000	*22.57*	
CONSUMERS ENERGY	NOVEMBER 2016 FD 1		$444.25
	206-000-921.000	*444.25*	
CONSUMERS ENERGY	NOVEMBER 2016 FD2		$84.99
	206-000-921.000	*84.99*	
CONSUMERS ENERGY	NOVEMBER 2016 LOG CHURCH		$28.31
	208-751-921.000	*28.31*	
CONSUMERS ENERGY	NOVEMBER 2016 LIGHTHOUSE		$87.76
	508-000-921.000	*87.76*	
CONSUMERS ENERGY	NOVEMBER 2016 DOUGHERTY HOUSE		$40.07
	701-803-921.000	*40.07*	
CONSUMERS ENERGY	NOVEMBER 2016 HASEROT		$22.57
	208-751-921.000	*22.57*	
CONSUMERS ENERGY	NOVEMBER 2016 BIG JON		$43.55
	208-751-921.000	*43.55*	
CONSUMERS ENERGY	NOVEMBER 2016 PNA		$24.43
	212-000-921.000	*24.43*	

VENDOR	DESCRIPTION/DISTRIBUTION		AMOUNT
COPY SHOP THE	4000 #10 ENVELOPES		$302.00
	101-225-726.000	*302.00*	
DTE ENERGY	BIG JON		$52.49
	208-751-745.000	*52.49*	
DTE ENERGY	FD2		$155.66
	206-000-745.000	*155.66*	
DTE ENERGY	FD1		$201.04
	206-000-745.000	*201.04*	
GT COUNTY TREASURER	OCTOBER 2016		$10,854.81
	591-000-818.000	*10,854.81*	
GT COUNTY TREASURER	OCTOBER 2016		$7,964.78
	590-000-818.000	*7,964.78*	
JOANNE WESTPHAL	ELECTIONS SUPPLIES AND DVD FOR MINUTES		$420.94
	101-173-726.000	*349.99*	
	101-191-726.000	*48.45*	
	101-191-726.000	*22.50*	
MCKENNA ASSOCIATES	ORDINANCE SERVICES		$2,623.63
	101-400-818.000	*2,623.63*	
MICHIGAN ASSESSORS ASSOCIATION	MEMBERSHIP RENEWAL		$75.00
	101-209-958.000	*75.00*	
MICHIGAN TOWNSHIPS ASSOCIATION	CLASSIFIED AD		$245.00
	101-400-900.000	*245.00*	
WEATHERHOLT DAVID	MILEAGE		$60.48
	101-253-870.000	*60.48*	
WILKINSON ROBERT	OFFICE CLEANING		$532.00
	101-265-818.000	*532.00*	
		Total:	**$30,671.47**

Supervisor

From: John Divozzo [jdivozzo@grandtraverse.org]
Sent: Friday, November 18, 2016 4:52 PM
To: ROB MANIGOLD; Rob Manigold; Joanne Westphal; deputyclerk@peninsulatownship.com; David Weatherholt; wlwitkop@charter.net; psyr2@acegroup.cc; Bptems@gmail.com; jillcbyron@gmail.com
Subject: DPW Information for Nov 22 Board Meeting
Attachments: 20161118_Memo re Increased Water Costs_Peninsula.pdf

Rob,

Please see attached memo regarding the water system budget amendment on the board's agenda for the Nov 22 Meeting. I will be in attendance to answer questions and make a small presentation if that is okay.

This is a lot of money and I would really like to be there to explain.

Thank you for allowing me to attend and work through this with the board.

Have a great weekend and I will see you next Tuesday at 7:00 p.m.

If anyone has any trouble downloading the attachment, please let me know I will do what I can to get you a copy. Also, if I missed anyone, could you please make sure they get a copy?

Thanks.

John D.

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John Divozzo, Director
Grand Traverse County DPW
2650 LaFranier Road
Traverse City, MI 49686
(231) 995-6039
(231) 929-7226 fax

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MEMO

To: Peninsula Township
From: John Divozzo
Date: November 17, 2016

Subject: Water System Budget Amendment

The DPW has been asked to provide an explanation for the budget amendment for additional costs associated with the purchase of water from the City.

The simple answer is that the City has increased costs, but there is information that needs to be shared with the township to fully understand what is happening and why.

First: How are budget values determined?

The DPW has historically tried to be consistent with budget items from year to year. Current staff is trying to get ahead of this budget cycle and use judgement when predicting budget values for the coming years. In this instance, we did budget for an increase in rate; however, the City's invoices reflect a higher rate than we anticipated.

Second: Why did the City increase the rate?

I have attached the current Water Treatment Plant Budget for reference. You can see that the City budgeted $1,371,000 for fiscal year 2015/2016, but is projecting to spend $1,943,000 – an increase in cost of $0.3231 per 1,000 gallons. This cost is then "marked up" 42% per the current water supply contract (excerpt attached) for a total increase of $0.4601 per 1,000 gallons. This is in direct response to completing projects per the 2014 Reliability Study and corresponding Capital Improvement Plan that were required by the MDEQ. However, these projects were not budgeted and the information was not provided to the DPW until recently. Even with this information, the DPW cannot predict which projects will be completed and when and at what cost.

Are there other factors affecting the issue?
There are several factors not directly related to cost or budgeting that affect the DPW's ability to accurately project costs.

One such factor is the timing of year end reconciliation; in 2013/2014, the reconciliation occurred in January 2015 – 7 months after the budget year. In 2014/2015, the reconciliation occurred in March 2016 – 9 months after the budget year. By the time the DPW receives the last invoices from the City, we have already prepared the next year's budget. This basically results in a budget preparation that is based on information that is outdated (2 years).

A second factor pertains to communication of projects and associated costs by the City. The annual budget does NOT include these projects, which are performed in a given year, but rates are based on the current budget data. This year; however, the City has increased its rate in anticipation of these projects. This is not consistent with the water supply contract and the DPW budget did not include these costs.

Third: What affect does volume have on the budget?

The metered volume purchased by the township is the basis for the cost; if volume increases, then costs increase. The projected volume for 2016 is 12,000,000 gallons more than the previous year. Why? This is difficult to answer. We have inspected each master meter and determined that the meters are operating within design parameters. The issue seems to be related to flow OUT of the Township; flow IN to the Township(s) appears accurate and consistent with previous years. For now, we have to rely on the meters to provide the data, which is the basis for our costs.

Fourth: How do we resolve this issue?

Staff has asked that the City have an independent consultant perform a rate study for the Water Treatment Plant that would include future projects and identify a rate that would recover the funds over time. This would provide consistent rates, but require the City to manage its funds from year to year. This would be a major change in philosophy at the City and also with the Townships. The Townships would be "prepaying" for certain projects with no control over when and if they occur.

The City could also include capital project(s) in its annual budget; however, this gets complicated if the project is to be depreciated. The townships pay depreciation as a function of its rate – if a project is depreciated, the townships pay for the project through depreciation and should not be charged additional for the project. As of today, we cannot determine if the townships are paying double for these projects because we do not have a current depreciation schedule for the Water Treatment Plant.

The BPW is in the process of getting all this information from the City and is expecting to begin negotiation of the water supply contract. Until then, we need to monitor the City's budgets and audits to identify the various projects and associated costs.

If you have any questions, comments or concerns please do not hesitate to contact me.

Thank you.

Attachments

1. Township Rate History (2010-2016)
2. Water Supply Contract (P6-8 & Attachment "B")
3. Water Treatment Plant Budget Summaries (2013-2017)
4. Traverse City Reliability Study (2014); P2
5. Traverse City Capital Improvement Plan (WATER)
6. Meeting Minutes from May 2016 – BPW Finance Committee

GRAND TRAVERSE COUNTY
BOARD OF PUBLIC WORKS
2650 LAFRANIER ROAD
TRAVERSE CITY MI 49686
231/995-6039 fax 231/995-6053

Budget Amendment

Date: November 8, 2016

TO: THE BOARD OF PUBLIC WORKS AND PENINSULA TOWNSHIP

The following budget amendment has been proposed to the Peninsula Township Water Maintenance & Operations budget for the current year.

Increase the 2016 Peninsula Water Budget to cover the increase in the cost of water purchased from the City. The 2016 rate is $1.56 per 1,000 gallons.

Fund 690 Dept. 458 Line item 923.95 Increase of $40,000.00

Also Increase Local Grants 582.00 in the same amount.
(Local grants are the amount the township agrees to reimburse the County for any invoices that the County pays on the township's behalf related to water or sewer expenditures.)

Board of Public Works Action

Resolved that the proposed budget amendment is hereby approved and recommended to Peninsula Township to approve the same.

Chairperson-Jay Zollinger
Board of Public Works

The undersigned hereby certifies that he is the Secretary of the Grand Traverse County Board of Public Works and that the foregoing resolution was adopted by the Board of Public Works upon the date set forth below.

Date of Approval: November 9, 2016

Secretary- Chuck Korn
Board of Public Works

Township Board Action

Resolved that the foregoing amendment to the Peninsula Township Water budget administered by the Grand Traverse County Board of Public Works be and hereby is approved.

Peninsula Township Supervisor-Rob Manigold

The undersigned hereby certifies that she is the Township Clerk of the above-named Township and that the foregoing resolution was adopted by action of the Township Board on the date set forth below.

Date of Approval: _____

Peninsula Township Clerk-Monica Hoffman

When the Township action is complete, please fill out the Township Board approval on the reverse side and return one signed form to the attention of Dianne Thompson at the DPW.

PENINSULA TOWNSHIP

City	Year	Rate ($/kgal)	Gallons	Payment	Rate Reconciled	Additonal Cost
2010/2011	**2011**	$0.8919	46,442,687	$41,422	**$0.9419**	$2,322
2011/2012	**2012**	$0.8919	58,345,152	$52,038	**$0.9308**	$2,270
2012/2013	**2013**	$0.8919	58,463,622	$52,144	**$0.8673**	($1,438)
2013/2014	**2014**	$0.8919	58,322,949	$52,018	**$1.1193**	$13,263
2014/2015	**2015†**	$0.9757	55,541,051	$54,191	$1.4164	$24,477
2015/2016	**2016***	$1.1000	67,587,291	$105,436	$1.5600	

This rate is different than the other townships

†City charged (2) different rates; $0.8919 and $1.10 for the year - Average is $0.9757

*Through 3rd Quarter (September 2016); estimated additional 7,340,000 gallons to be billed

Total estimated volume: 67,587,291 gallons

at $1.56/1000: $105,500

Budget: $65,000

Difference: $40,500

Increase: $0.6681 per 1,000 or 75%

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to not renew the contract, then the TOWNSHIP shall remain responsible for their agreed upon portion of the annual payment on the debt in the same matter and form as calculated in the last year of this contract. The annual payments shall continue until said debt has been retired. This provision shall survive termination of this contract.

VII.
WATER PRODUCTION

The parties agree that the basis for determining the gallons of water produced for the purposes of calculating annual water production, for use in cost determination, shall be based on annual readings of the master meters located at the CITY'S water treatment plant, less fifteen (15%) percent of that amount for line loss and shrinkage. [As used in this contract, annual or year shall refer to the CITY'S Fiscal Year of July 1 - June 30.]

VIII.
DEPRECIATION CHARGES

The parties agree that the depreciation charges included in the calculation of the water cost to the TOWNSHIP shall be based upon the original construction cost of the water treatment plant and other facilities as listed on "Attachment A" and in the amounts there indicated. The method of computing depreciation will be on a straight-line basis over a thirty-three (33) year period, which, for purposes of this contract currently amounts to approximately $120,929, as identified in "Attachment A". Any future improvements constructed by the CITY to the water treatment plant or water production facilities, including those required by any state or federal law or agency, shall be added to the above total and computed on a thirty-three (33) year straight-line basis to obtain the additional annual charges.

IX.
FIXED AND VARIABLE OPERATING COSTS ~ Audit

The TOWNSHIP and the CITY agree that fixed and variable operating costs shall be calculated as depicted on "Attachment B" which by way of example covers the fiscal year ending June 30, 2002. Additional costs to those listed in the example may be utilized when related to water production costs. Such costs shall be billed as hereinafter provided by the CITY to the TOWNSHIP on the basis of budgeted cost for the actual year of water service and these bills shall be adjusted at the end of the year to provide that the annual total payments made by the TOWNSHIP to the CITY shall be based upon actual audited figures.

X.
COST FACTOR

The parties agree that there shall be applied to the depreciation charges, fixed operating charges and variable operating charges a factor to reflect cost to the CITY for transmission, profit and billings by the CITY to the TOWNSHIP. [It is agreed that such factor shall be forty two (42%) percent] so that the TOWNSHIP will pay to the CITY 1.42 times the sum of the depreciation charge, fixed operating charges and variable operating charges.

XI.
METHOD OF CALCULATING CHARGES

The Parties agree that the method of calculating or computing water charges for water service to the TOWNSHIP shall be based on the following formula:

> The total of the annual cost for depreciation, fixed operating cost and variable operating cost divided by the total annual amount of water produced, as defined in Section VII, provides a cost per gallon of water

produced. This cost per gallon of water produced would then be multiplied by the number of gallons of water supplied to the TOWNSHIP'S system to arrive at the unfactored cost of water to the TOWNSHIP. The unfactored cost of water to the TOWNSHIP would then be multiplied by the factor of 1.42 to arrive at the total cost of water to the TOWNSHIP.

XII.
CITY APPROVAL OF INSTALLATIONS

Prior to the installation of any meter vault located at connections between the CITY and TOWNSHIP systems and prior to the installation of any booster pumping stations, water tanks or towers or any installations which may have a detrimental affect on the CITY'S system, the TOWNSHIP shall submit to the CITY drawings and specifications therefor. The CITY shall approve or disapprove of the same within thirty (30) days from the date of such submission.

In the event of disapproval by the CITY, it shall notify the TOWNSHIP in writing of the reasons therefor and state changes needed to warrant approval by the CITY. In the event the parties are unable to agree upon the necessary changes, the matter shall be referred to the Michigan Department of Environmental Quality Water Supply Division for resolution of differences and its recommendation shall bind the parties. Not withstanding the terms and conditions of this contract, the CITY reserves the right to limit the amount of water drawn at any connection point that may detrimentally affect the CITY'S distribution system.

The TOWNSHIP shall procure the approval of the Michigan Department of Environmental Quality Water Supply Division, when required by law, for all plans and specifications for all water mains and appurtenances constructed in the TOWNSHIP and shall file a copy of such approved plans and specifications with the CITY.

"ATTACHMENT B"

FIXED AND VARIABLE OPERATING COST DETERMINATION FOR CITY OF TRAVERSE CITY WATER PLANT

RATE FACTOR FOR COST OF WATER

I. Fixed Operating Expenses (2001 -2002 Audit) (a)

591- 702	Salaries and Wages	$231,073
591- 706	Fringe Benefit Recovery	95,412
591- 727	Office Supplies	2,637
591- 753	Communications - Telephone	5,350
591- 801	Professional & Contractual Services	35,429
591- 861	Motive Equipment Fuel	406
591- 862	Professional Development	4,374
591- 910	Insurance and Bonds	44,359
591- 930	Repairs and Maintenance	9,672
591- 940	Rentals	5,757
591- 995	Interest Expense	108,441
	General Administrative (b)	77,566
	Total Fixed Expenses	$620,476

(Such other cost accounts that are related to the costs of water production may be added to the above "example"as may be required from time to time).

II. Variable Operating Expenses (2001-2002 Audit) (c)

591- 920	Public Utilities	$152,597
591- 740	Operation Supplies	46,434
	Total Variable Expenses	$199,031

III. Factor

Transmission	25%	
Profit	13	
Customer Accounting	4	**42%** or **1.42** of above base

Footnote explanation:

(a) For computing water charges in a given year, actual budget figures for that year are to be used and adjustments made plus or minus as soon as audited figures for year are available.

(b) Basis for General Administrative Expense (2001 -2002 Audit)

Staff Function:

253- 700	Treasurer (Not including Utility Accounting Section and billing for Labor to other departments)	$ 267,659
215- 700	Clerk	267,845
172- 700	City Manager	453,689
449- 700	City Engineer	421,419
101- 700	City Commission	140,716
Total		$1,551,328

The General Administrative expense is then determined by multiplying the Staff Functions total by a factor of 5.0% - i.e. $1,551,328 x .05 = $77,566

(c) For computing water charges in a given year, actual budget figures for that year are to be used and adjustments made plus or minus as soon as audited figures for year are available .

M

Water Treatment Plant

Account	Description	Actual Expenditure 2013-2014	Actual Expenditures 2014-15	July 1, 2015 to June 30, 2016 Budget 2015-16	Projections 2015-16	July 1, 2016 to June 30, 2017 Budget 2016-17
702	Salaries & Wages	$347,114.52	$382,058.38	$394,000.00	$379,000.00	$390,000.00 ✓
706	Fringe Benefit	$138,948.60	192,264 [$129,108.25]	$159,000.00	$148,000.00	$161,000.00 ✓
727	Office Supplies	$6,821.82	$1,021.52	$6,000.00	$5,000.00	$3,000.00
740	Operation Supplies	$112,088.89	$88,568.18	$120,000.00	$87,000.00	$120,000.00 ✓
801	Professional & Contractual	$195,735.36	$292,762.68	$50,000.00	$60,000.00	$72,000.00 ✓
850	Communications	$11,062.91	$12,477.49	$25,000.00	$13,000.00	$15,000.00 ✓
861	Transportation	$1,011.07	$699.99	$3,000.00	$1,000.00	$3,000.00 ✓
862	Professional Development	$4,254.83	$2,680.56	$5,000.00	$3,000.00	$5,000.00 ✓
910	Insurance & Bonds	$31,157.48	$33,324.48	$38,000.00	$34,000.00	$38,000.00 ✓
920	Public Utilities	$252,826.42	$278,170.60	$260,000.00	$265,000.00	$280,000.00 ✓
930	Repairs & Maintenance	$98,244.36	$337,114.69	$100,000.00	$740,000.00	$360,000.00 ✓
940	Rental Expense	$8,202.16	$7,189.78	$10,000.00	$7,000.00	$10,000.00 ✓
	Sub Total	$1,207,468.42	$1,565,176.60 [1,628,334]	$1,170,000.00	$1,742,000.00	$1,457,000.00
	Depreciation	$116,471.87	$103,866.02	$103,000.00	$103,000.00	$103,000.00 —
	Administration Expense	$91,729.15	$98,252.20	$98,000.00	$98,000.00	$98,000.00 —
	Credit State Grant	-$23,203.00	$0.00	$0.00	$0.00	$0.00
	Total Expense	$1,392,466.44	$1,767,294.82 [1,830,452]	$1,371,000.00	$1,943,000.00 +$ 572,000	$1,658,000.00
	Total Water Produced (gal)	1,766,512,371.00	1,771,767,724.00	[1,770,000,000.00]	1,770,000,000.00	1,770,000,000.00
	Cost per 1000 gallons	$0.7883	$0.9975 [1.0331]	$0.7746	$1.0977	$0.9367
	Factored cost (1.42) 2013 0.8919	±25% $1.1193	±25% $1.4164 [$1.4670]	$1.0999	+42% $1.5588 2015 ±75%	$1.3301

Reconciled

	January 28, 2015	March 23, 2016	TBD	2016	
July - Sept	0.8919	0.8919	1.10		1.56
Oct - Dec	0.8919	0.8919	1.10		
Jan - Mar	0.8919	1.10	1.10		
Apr - June	0.8919	1.10	1.56		
Cost	1.1092	1.4164			
	+$124,500	+236,708	+396,000		

2014 2015

City of Traverse City, Michigan
ENTERPRISE FUND
WATER FUND
For the Budget Year 2016-17

	FY 13/14 Actual	FY 14/15 Actual	FY 15/16 Budget	FY 15/16 Projected	FY 16/17 Requested
OPERATING REVENUES					
Water Sales	$ 2,996,527	$ 2,926,929	$ 3,071,000	$ 3,021,000	$ 3,086,000
Water Hydrant Fees	12,000	12,000	12,000	12,000	12,000
Public Authority	501,887	650,975	611,000	898,000	769,000
Merchandise and Jobbing	2,472	36,813	19,000	21,000	20,000
Taps, Meters and Pits	12,461	13,026	12,000	12,000	12,000
Contributions	35,000	14,528		7,000	1,000
Miscellaneous	52,168	52,841	49,000	49,000	58,000
TOTAL OPERATING REVENUES	3,612,505	3,707,112	3,774,000	4,020,000	3,958,000
OPERATING EXPENSES					
PLANT, STORAGE TANKS AND BOOSTER STATIONS					
Salaries and Wages	347,115	382,059	394,000	379,000	390,000
Fringe Benefits	138,948	192,264	159,000	148,000	161,000
Office/Operation Supplies	119,647	89,590	126,000	92,000	123,000
Professional Services	195,735	292,763	50,000	60,000	72,000
Communications	11,063	12,477	26,000	13,000	15,000
Transportation	1,011	700	3,000	1,000	3,000
Professional Development	4,255	2,681	5,000	3,000	5,000
Insurance and Bonds	31,157	33,324	38,000	34,000	38,000
Utilities	252,826	278,171	260,000	265,000	280,000
Repairs and Maintenance	106,039	337,115	100,000	740,000	360,000
Rentals	8,202	7,190	10,000	7,000	10,000
Total Plant, Storage Tanks and Booster Stations	1,215,998	1,628,334	1,170,000	1,742,000	1,457,000
DISTRIBUTION					
Salaries and Wages	276,927	291,208	336,000	282,000	367,000
Fringe Benefits	160,750	150,321	180,000	158,000	197,000
Office/Operation Supplies	146,300	249,793	190,000	135,000	190,000
Communications	-	123	-	1,000	1,200
Professional Services	149,517	199,262	146,000	110,000	146,000
Transportation	14,017	11,434	14,000	8,000	9,000
Professional Development	1,157	3,270	6,000	7,000	6,000
Insurance and Bonds	1,020	1,176	1,000	1,000	1,200
Utilities	10,071	15,083	15,000	15,000	15,000
Repairs and Maintenance	15,767	273,898	12,000	55,000	147,000
Rentals	77,515	88,546	100,000	69,000	92,000
Total Distribution	853,041	1,284,114	999,000	841,000	1,171,400

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The City has completed the following improvement projects over the past 5 years including:

- 2014 – Alum System upgrades
- 2013 - Fluoride System upgrades
- 2013 – Air Tank / Air Dryer Unit replacement
- 2013 – Construction of 1,530' of 12" main to Wayne Hill
- 2013 – Construction of 1,800' of 8" main on Manor and Eastwood
- 2013 – Sheridan/Orchard Street Improvements
- 2012 – Huron Hills Pump Station Upgrade
- 2012 - Chlorine Feed System replacement
- 2012 - Air Compressor System replacement
- 2012 - Construction of 536' of 12" main on State Street, Pine to Union
- 2012 – Construction of 1,535' of 8" main – East Bay Boulevard
- 2011 - Construction of 2,882' of 8" main on Elmwood Avenue
- 2010 – Fitzhugh Drive check valve relocation
- 2010 – Construction of 383' of 12" main & 1,584' of 8" main on 8th Street
- 2009 – Construction of 330' of 12" main on Old Morgan Trail
- 2008 – Construction of 492' of 8" main on Cypress Street
- 2008 – Construction of 2,124 of 12" main in Grand Traverse Commons (Red Drive)
- 2008 – Construction of 382' of 12" main & 1,585' of 8" main on Wayne Street
- 2008 – Central High School Loop

II. WATER DEMANDS

The City of Traverse City water system distributes water to all of the residents and businesses within the City limits, as well as 3 neighboring Townships. The land uses within the City of Traverse City are mixed with a significant amount of residential and commercial areas. It is also noteworthy that the population increases in the area significantly in the summer, raising demands from twice to three times winter use.

Historic water demand data was provided by the City of Traverse City based on metered data and Monthly Operating Reports. The water supply data for the combined City and customer

City of TRAVERSE CITY

Six Year Capital Improvement Program

933 - WATER-Chemical System Upgrades (Alum, Chlorine & Fluoride)

PROJECT INFORMATION

Submitted By:	Art Krueger	*Department:*	Water Treatement
Category:	Maintenance	*Department Head:*	Dave Green
Fund Group:	Water	*Department Priority:*	Essential (should do):
Fund Detail:	Water Treatement	*Project Start Date:*	07/01/2019
Date Submitted:	12/22/2014	*Project End Date:*	06/30/2020
Date Last Edited:	01/27/2016	*Project Completed:*	No

FUNDING SOURCES:

Sources:	*Prior Year*	*2016/2017*	*2017/2018*	*2018/2019*	*2019/2020*	*2020/2021*	*2021/2022*	*Total*
Water Fund	$0	$0	$0	$0	$250,000	$0	$0	$250,000
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0

SERVICE IMPACT:

Increases reliability of chemical feed systems and bulk storage facilities at the water plant by replacing aged infrastructure.

COST DETAIL:

Study:	$0
Land Acquisition/ROW:	$0
Engineering/Design:	$10,000
Construction:	$240,000
Annual Maint. Cost:	$0
Maint. Year Start:	

PROJECT DESCRIPTION:

Project recommended in the 2014 Water System Reliability Study Table 23, Project P-7. Chemical system upgrades for bulk storage and chemical feed systems for Alum, Chlorine and Fluoride.

PROJECT JUSTIFICATION:

-Protects health, safety, lives of citizens
-Meets new, or maintains existing, regulatory compliance
-Maintains or improves existing infrastructure or facilities

LOCATION DESCRIPTION:

Water Treatement Plant

City of TRAVERSE CITY

Six Year Capital Improvement Program

986 - WATER-Coagulant Bulk Storage Tanks Replacement

PROJECT INFORMATION

Submitted By:	Art Krueger	*Department:*	Water Treatement
Category:	Maintenance	*Department Head:*	Dave Green
Fund Group:	Water	*Department Priority:*	Imperitive (must do):
Fund Detail:	Water Treatement	*Project Start Date:*	07/01/2016
Date Submitted:	03/15/2016	*Project End Date:*	06/30/2017
Date Last Edited:	03/15/2016	*Project Completed:*	No

FUNDING SOURCES:

Sources:	*Prior Year*	*2016/2017*	*2017/2018*	*2018/2019*	*2019/2020*	*2020/2021*	*2021/2022*	*Total*
Water Fund	$0	$50,000	$0	$0	$0	$0	$0	$50,000
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0

SERVICE IMPACT:

Original chemical storage tanks have outlived their useful life.

COST DETAIL:

Study:	$0
Land Acquisition/ROW:	$0
Engineering/Design:	$0
Construction:	$50,000
Annual Maint. Cost:	$0
Maint. Year Start:	

PROJECT DESCRIPTION:

Existing chemical bulk tanks (2 each) are original from 1965 and need to be replaced for increased safety and reliability purposes.

PROJECT JUSTIFICATION:

Increase reliability and efficiency of the Water Plant. Protect the health, safety, and lives of citizens and City staff.

LOCATION DESCRIPTION:

Water Plant

City of TRAVERSE CITY

Six Year Capital Improvement Program

930 - WATER-Electrical Gear Upgrades at WTP & Low Service

PROJECT INFORMATION

Submitted By:	Art Krueger	*Department:*	Water System Reliability Projects
Category:	Maintenance	*Department Head:*	Dave Green
Fund Group:	Water	*Department Priority:*	Essential (should do):
Fund Detail:	Water System Reliability Projects	*Project Start Date:*	10/01/2016
Date Submitted:	12/15/2014	*Project End Date:*	05/01/2017
Date Last Edited:	02/10/2016	*Project Completed:*	No

FUNDING SOURCES:

Sources:	*Prior Year*	*2016/2017*	*2017/2018*	*2018/2019*	*2019/2020*	*2020/2021*	*2021/2022*	*Total*
Water Fund	$0	$0	$850,000	$0	$0	$0	$0	$850,000
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0

SERVICE IMPACT:

Increase reliability of water treatment plant pumps for both High and Low Service.

COST DETAIL:

Study:	$0
Land Acquisition/ROW:	$0
Engineering/Design:	$0
Construction:	$850,000
Annual Maint. Cost:	$0
Maint. Year Start:	

PROJECT DESCRIPTION:

[redacted] Project P-5. Update original (1965 and 1972) electrical equipment for both High Service and Low Service pumps. Project will also increase electric efficiency.

PROJECT JUSTIFICATION:

-Protects health, safety, lives of citizens
-Maintains or improves existing infrastructure or facilities

LOCATION DESCRIPTION:

[redacted]

Date/Time: 6/29/2016 11:17:54 AM

City of
TRAVERSE CITY

Six Year Capital Improvement Program

144 - WATER-Filters 1, 2 & 3 Media Replacement & Surface Wash Upgrades

PROJECT INFORMATION

Submitted By:	Art Krueger	*Department:*	Water Treatement
Category:	Maintenance	*Department Head:*	Dave Green
Fund Group:	Water	*Department Priority:*	Essential (should do):
[redacted]	[redacted]	*Project Start Date:*	10/01/2017
Date Submitted:	01/23/2009	*Project End Date:*	05/01/2018
Date Last Edited:	02/10/2016	*Project Completed:*	No

FUNDING SOURCES:

Sources:	*Prior Year*	*2016/2017*	*2017/2018*	*2018/2019*	*2019/2020*	*2020/2021*	*2021/2022*	*Total*
Water Fund	$0	$0	$0	$350,000	$0	$0	$0	$350,000
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0

SERVICE IMPACT:

Will improve water quality and the reliability of water treatment (filtering).

COST DETAIL:

Study:	$0
Land Acquisition/ROW:	$0
Engineering/Design:	$0
Construction:	$350,000
Annual Maint. Cost:	$0
Maint. Year Start:	

PROJECT DESCRIPTION:

[redacted], Project P-2. Remove and replace all filter media in filters #1,#2 and #3. The media in filters #1 and #2 is almost 50 years old (original from 1965) filter #3 media is over 40 years old (original from 1972) and has been in use for all of that time. Some media is lost during backwash cycles, and must be replaced periodically. The surface wash piping system needs updating to work more effectively.
The concrete filter wall coatings in all three filter bays need to be removed and recoated.

PROJECT JUSTIFICATION:

-Protects health, safety, lives of citizens
-Meets new, or maintains existing, regulatory compliance
-Maintains or improves existing infrastructure or facilities
-The media in these filters is at least 30 years old and has been in use for all of that time. Some Media is lost during backwash cycles, and must be replaced periodically.

LOCATION DESCRIPTION:

[redacted]

Date/Time: 6/29/2016 11:17:54 AM

City of
TRAVERSE CITY

Six Year Capital Improvement Program

934 - WATER Filters 1, 2 & 3 Valve Replacement

PROJECT INFORMATION

Submitted By:	Art Krueger	*Department:*	Water Treatement
Category:	Maintenance	*Department Head:*	Dave Green
Fund Group:	Water	*Department Priority:*	Essential (should do):
[redacted]	[redacted]	*Project Start Date:*	07/01/2019
Date Submitted:	12/22/2014	*Project End Date:*	06/30/2020
Date Last Edited:	01/27/2016	*Project Completed:*	No

FUNDING SOURCES:

Sources:	*Prior Year*	*2016/2017*	*2017/2018*	*2018/2019*	*2019/2020*	*2020/2021*	*2021/2022*	*Total*
Water Fund	$0	$0	$0	$0	$400,000	$0	$0	$400,000
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0

SERVICE IMPACT:

Increase reliability of the filter operations for filters 1, 2 & 3.

COST DETAIL:

Study:	$0
Land Acquisition/ROW:	$0
Engineering/Design:	$25,000
Construction:	$375,000
Annual Maint. Cost:	$0
Maint. Year Start:	

PROJECT DESCRIPTION:

[redacted] Project P-8. Replace 8 of 9 valves per filter; 24 valves total in the three oldest filters that were originally built in 1965 (filters 1 & 2) and 1972 (filter 3). These valves will be at the end of their useful life. The main effluent control valve in these three filters is being replaced with the SCADA Project ID#103 in 2015-2016.

PROJECT JUSTIFICATION:

-Protects health, safety, lives of citizens
-Meets new, or maintains existing, regulatory compliance
-Maintains or improves existing infrastructure or facilities

LOCATION DESCRIPTION:

[redacted]

Date/Time: 6/29/2016 11:17:54 AM

City of
TRAVERSE CITY

Six Year Capital Improvement Program

731 - WATER-Generator Plug Receptacle for Low Service Pump Station

PROJECT INFORMATION

Submitted By:	Art Krueger	*Department:*	Water Treatement
Category:	Maintenance	*Department Head:*	Dave Green
Fund Group:	Water	*Department Priority:*	Essential (should do):
Fund Detail:	[redacted]	*Project Start Date:*	07/01/2018
Date Submitted:	01/03/2013	*Project End Date:*	06/30/2019
Date Last Edited:	01/27/2016	*Project Completed:*	No

FUNDING SOURCES:

Sources:	*Prior Year*	*2016/2017*	*2017/2018*	*2018/2019*	*2019/2020*	*2020/2021*	*2021/2022*	*Total*
Water Fund	$0	$0	$0	$20,000	$0	$0	$0	$20,000
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0

SERVICE IMPACT:

Provide redundancy in case of power outage and standby generator failure to allow a quick and easy connection of a portable generator to the Low Service Pump Station.

COST DETAIL:

Study:	$0
Land Acquisition/ROW:	$0
Engineering/Design:	$0
Construction:	$20,000
Annual Maint. Cost:	$0
Maint. Year Start:	

PROJECT DESCRIPTION:

Install complete auxiliary electrical system from pumps to exterior portable generator plug at each Low Service Pump Station.

PROJECT JUSTIFICATION:

-Protects health, safety, lives of citizens
-Maintains or improves existing infrastructure or facilities by providing redundancy in power supply.

LOCATION DESCRIPTION:

[redacted]

Date/Time: 6/29/2016 11:17:54 AM

City of TRAVERSE CITY

Six Year Capital Improvement Program

770 - WATER-High & Low Service Pump Repairs

PROJECT INFORMATION

Submitted By:	Art Krueger	*Department:*	Water System Reliability Projects
Category:	Maintenance	*Department Head:*	Dave Green
Fund Group:	Water	*Department Priority:*	Imperitive (must do):
[redacted]	[redacted]	*Project Start Date:*	01/01/2015
Date Submitted:	01/23/2013	*Project End Date:*	06/30/2021
Date Last Edited:	01/27/2016	*Project Completed:*	No

FUNDING SOURCES:

Sources:	*Prior Year*	*2016/2017*	*2017/2018*	*2018/2019*	*2019/2020*	*2020/2021*	*2021/2022*	*Total*
Water Fund	$0	$80,000	$80,000	$80,000	$80,000	$80,000	$80,000	$480,000
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0

SERVICE IMPACT:

Need to perform repair, maintenance and upgrades on 4 High Service Pumps and 3 Low Service Pumps to prolong useful life span and provide overall reliability to High and Low Service pumping capacity.

COST DETAIL:

Study:	$0
Land Acquisition/ROW:	$0
Engineering/Design:	$0
Construction:	$480,000
Annual Maint. Cost:	$0
Maint. Year Start:	

PROJECT DESCRIPTION:

4 High Service and 3 Low Service pumps and motors need to be pulled and rebuilt by a pump service company. The motor windings need to be replaced so that a variable frequency drive (VFD) can be installed on the pumps. VFD's allow significant energy savings and versatile operation to meet a wider range of flows to meet varying water demands.

PROJECT JUSTIFICATION:

Protects health safety and lives of citizens. Maintains or improves existing infrastructure or facilities. Maintains High & Low service pumping capacity & reliability. Reduces energy consumption & impacts on environment.

LOCATION DESCRIPTION:

[redacted]

City of
TRAVERSE CITY

Six Year Capital Improvement Program

121 - WATER Plant - Freight Elevator Compliance

PROJECT INFORMATION

Submitted By:	Art Krueger	*Department:*	Water Treatement
Category:	Maintenance	*Department Head:*	Dave Green
Fund Group:	Water	*Department Priority:*	Essential (should do):
Fund Detail:	Water Treatement	*Project Start Date:*	07/01/2016
Date Submitted:		*Project End Date:*	06/30/2017
Date Last Edited:	01/27/2016	*Project Completed:*	No

FUNDING SOURCES:

Sources:	*Prior Year*	*2016/2017*	*2017/2018*	*2018/2019*	*2019/2020*	*2020/2021*	*2021/2022*	*Total*
Water Fund	$0	$30,000	$0	$0	$0	$0	$0	$30,000
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0

SERVICE IMPACT:

The freight elevator has a single wall casing extending 30 feet plus into the soil and is susceptible to corrosion. There is the potential for leaking a significant amount of hydraulic fluid into the soil and water table. The state is mandating that these casings be replaced with double wall casings. A date for this requirement has not been established.

COST DETAIL:

Study:	$0
Land Acquisition/ROW:	$0
Engineering/Design:	$0
Construction:	$30,000
Annual Maint. Cost:	$0
Maint. Year Start:	

PROJECT DESCRIPTION:

Replacement of steel single wall casing with double wall casing.

PROJECT JUSTIFICATION:

-Protects health, safety, lives of citizens
-Meets new, or maintains existing, regulatory compliance
-Maintains or improves existing infrastructure or facilities

LOCATION DESCRIPTION:

Water Treatment Plant

Date/Time: 6/29/2016 11:17:54 AM

City of
TRAVERSE CITY

Six Year Capital Improvement Program

507 - WATER-Replacement of Air Compressors

PROJECT INFORMATION

Submitted By:	Art Krueger	*Department:*	Water Treatement
Category:	Maintenance	*Department Head:*	Dave Green
Fund Group:	Water	*Department Priority:*	Imperitive (must do):
Fund Detail:	Water Treatement	*Project Start Date:*	07/01/2017
Date Submitted:	10/26/2010	*Project End Date:*	06/30/2018
Date Last Edited:	01/28/2016	*Project Completed:*	No

FUNDING SOURCES:

Sources:	*Prior Year*	*2016/2017*	*2017/2018*	*2018/2019*	*2019/2020*	*2020/2021*	*2021/2022*	*Total*
Water Fund	$0	$0	$10,000	$0	$0	$0	$0	$10,000
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0

SERVICE IMPACT:

Air compressors currently in use have been rebuilt numerous times and should be replaced. Compressors are critical to the operation of the plant.

COST DETAIL:

Study:	$0
Land Acquisition/ROW:	$0
Engineering/Design:	$0
Construction:	$10,000
Annual Maint. Cost:	$0
Maint. Year Start:	

PROJECT DESCRIPTION:

Replace air compressor (One of two was replaced in 2012)

PROJECT JUSTIFICATION:

-Protects the health, safety, and lives of citizens. -Improves the reliability of the plant.

LOCATION DESCRIPTION:

Water Treatment Plant

City of TRAVERSE CITY

Six Year Capital Improvement Program

769 WATER Security System Upgrade

PROJECT INFORMATION

Submitted By:	Art Krueger	*Department:*	Water Treatement
Category:	Maintenance	*Department Head:*	Dave Green
Fund Group:	Water	*Department Priority:*	Essential (should do):
[redacted]	[redacted]	*Project Start Date:*	07/01/2017
Date Submitted:	01/23/2013	*Project End Date:*	06/30/2018
Date Last Edited:	01/27/2016	*Project Completed:*	No

FUNDING SOURCES:

Sources:	*Prior Year*	*2016/2017*	*2017/2018*	*2018/2019*	*2019/2020*	*2020/2021*	*2021/2022*	*Total*
Water Fund	$0	$20,000	$0	$0	$0	$0	$0	$20,000
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0

SERVICE IMPACT:

This safety upgrade at the Water Treatment Plant will further protect the facility and operators from potential malicious acts and give more control over random visitors and/or contractors, etc. ability to enter the plant facility.

COST DETAIL:

Study:	$0
Land Acquisition/ROW:	$0
Engineering/Design:	$0
Construction:	$20,000
Annual Maint. Cost:	$0
Maint. Year Start:	

PROJECT DESCRIPTION:

Install new security fence and automatic gate in front yard of Water Treatment Plant to provide a safety buffer between Eastern Avenue (public right of way) and facility.

PROJECT JUSTIFICATION:

-Increase security of the Water Plant
-Increase efficiency of the Operators at the Water Plant.
-Increased protection of the health, safety, and lives of citizens.

LOCATION DESCRIPTION:

[redacted]

Date/Time: 6/29/2016 11:17:54 AM

City of
TRAVERSE CITY

Six Year Capital Improvement Program

508 - WATER Sump Pump Replacement

PROJECT INFORMATION

Submitted By:	Art Krueger	*Department:*	Water Treatement
Category:	Maintenance	*Department Head:*	Dave Green
Fund Group:	Water	*Department Priority:*	Imperitive (must do):
[redacted]	[redacted]	*Project Start Date:*	01/01/2015
Date Submitted:	10/26/2010	*Project End Date:*	06/30/2015
Date Last Edited:	01/04/2016	*Project Completed:*	No

FUNDING SOURCES:

Sources:	*Prior Year*	*2016/2017*	*2017/2018*	*2018/2019*	*2019/2020*	*2020/2021*	*2021/2022*	*Total*
Water Fund	$0	$25,000	$0	$0	$0	$0	$0	$25,000
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0
	$0	$0	$0	$0	$0	$0	$0	$0

SERVICE IMPACT:

Pumps currently in use are unreliable and require significant maintenance.

COST DETAIL:

Study:	$0
Land Acquisition/ROW:	$0
Engineering/Design:	$0
Construction:	$25,000
Annual Maint. Cost:	$0
Maint. Year Start:	

PROJECT DESCRIPTION:

Replace pumps that drain the filter backwash lagoons. Earlier this year (2014), one sump pump failed and was replaced with a submersible pump. The remaining older pump should be replaced in 2015 to match the new one. Other work included is to replace the sump cover and electrical controls / panel. These pumps are critical to the operation of the Water Plant.

PROJECT JUSTIFICATION:

-Increase reliability of the Water Plant.
-Increase efficiency of the Water Plant.
--Protect the health, safety, and lives of citizens.

LOCATION DESCRIPTION:

[redacted]

6

Board of Public Works-Finance Committee
Public Services Building
Large Conference Room
2650 LaFranier Rd, Traverse City, MI 49686

Meeting Minutes

Wednesday, May 4, 2016 @ 1:00 p.m.

The Chair, Glen Lile, called the meeting of the Grand Traverse County Board of Public Works Finance Committee to order at 1:00 p.m. at the Public Services Building located at 2650 LaFranier Road, Traverse City, Michigan. The Secretary, Jack Kelly was present.

ROLL CALL

PRESENT: Jay Zollinger, Jack Kelly, Pete Correia, Chuck Korn (1:18), and Glen Lile

STAFF: John Divozzo and Dianne Thompson

Also Present: Marty Colburn and Bill Twietmeyer

PUBLIC COMMENT
Marty Colburn, City Manager, addressed the board regarding utility issues.

1. The City is working on a Sewer IPP NOV for a local company; the company has been extremely cooperative.
2. The Budget will be presented to the City Monday night. The budget will include staffing requests. The Commission will be asked to approve on June 6th.
3. The City is working on a SAW grant for storm water and asset management.
4. The City is being asked to approve (1) one membrane installation at the WWTP.

APPROVAL OF AGENDA
Pumping tanks with septic and holding tanks tied together was added to the agenda as Item #6.

MOTION by Jay Zollinger to approve the agenda as revised; second by Jack Kelly.
The Motion PASSED unanimously.

APPROVAL OF MEETING MINUTES
1. The meeting minutes of April 6, 2016 were approved with no objections.

AGENDA ITEMS
1. City of Traverse City Budget Presentation (Bill Twietmeyer)
   a. Sewer

Bill provided documents related to the proposed sewer budget. The proposed much is significantly less than previous years because only one membrane is budgeted for installation. He also summarized the current year's expenditures. Marty extended an invitation to tour the WWTP and the Water Plant.

Jack requested that the City provide this information in writing to the trustees and elected officials of the townships. Glen asked why there continues to be extensive costs for the plant when the plant was upgraded recently at a cost of millions of dollars. He also suggested the DPW engineer review requests for expenses at the WWTP.

Chuck said trust is an issue and there are hard feelings over the City's position on the Lease – that if the townships don't participate, then they have to build their own plant. Recently, the Townships have been

informed that the lease is not necessary for their sewer needs and that the WWTP is operating at around 50% capacity. In addition, it now appears that contractual obligations are not being met; that the City is doing what it wants in regard to items in the contract. Chuck also wanted to see some progress with the attorneys on the contract issues for both sewer and water.

Chuck also pointed out that the City's budget extends over two years, while the townships are on the calendar year; this means that some of the projects being proposed may yet be billed in the current township budgets.

b. Water

Bill provided documents related to the proposed water budget. He highlighted the cost per gallon for water usage has increased significantly over the past two years; mainly due to projects such as the SCADA Project. Costs have risen from $0.89 to $1.10 to a proposed $1.56 per 1,000 gallons.

He stated that the next invoice (Jan – Mar) will be invoiced at the higher rate of $1.56.

For 2016-2017 the costs should drop significantly. There are several projects scheduled for the next year; they are: the coagulant bulk tank storage, the freight elevator compliance maintenance, the security system upgrades, the sump and hi-lo service pumps. He estimated the rate for 2016-2017 to be $1.33per 1,000 gallons.

Chuck asked how much of the SCADA Project was replacement versus update as that is where the townships' interest would diverge. In looking at the budgets and summaries, the City spent nearly $1M over its approved budget – with no input or comments from the Townships.

Jay agreed that the City is not giving the townships any say in what is spent; the more money the City spends, the more they mark up for administrative fees.

Bill said that the City and Townships are not partners in the plant; the City is the operator and decision-making entity. Jay said the City is not showing that these expenditures are required or economical; the townships just get to pay the bill. There is no incentive to try and save money at the plant.

John stated that the issue is whether or not these projects are capital in nature and can be depreciated. The contract states that the City should recoup these costs through depreciation, which minimizes the impact to the townships annually. For instance, the SCADA Project was $1M and the townships paid for it all in one year, if this can be depreciated, they would pay through depreciation over the life of the asset; annually as the cost is realized.

Bill said the projects are going to get paid, regardless if it is in one year or spread over multiple years; they would be marked up regardless if capital or maintenance costs. The cost to the townships is the amount pumped divided by all the costs.

Jay asked if the SCADA System is monitoring things that were not monitored before, but Bill did not know. Chuck said that they don't mind writing a check to pay their fair share but to mark it up 41% is disingenuous. They feel they are getting taken and used. Chuck said it came up when they discussed an

Authority and the City said that the Water Plant would not be included. The rate is based on budget.

John said that we would like to have some discussion on whether big projects are paid out in one lump sum or if they should be depreciated. If depreciated, the rates would be more consistent over the long term. We would like to open up all the contracts and have one contract for the entities as a group. The question now is if the townships are okay with a change in the costs during the course of the contract instead of at the true up. If they just agree to pay them they lose their ability to object.

John said that what we are encountering now is the fact that we are paying attention to the contract. We would like them to identify true transmission costs and have the townships pay their fair share. Is the City actually capitalizing or depreciating these costs? The townships would like the ability to pay over a number of years, not when the entire cost of the project is realized; not $700,000 all in one year. For two decades they have not had high expenses. Then the DEQ came in and updates were needed to the alum, chloride, and fluoride, filter replacement, etc.

Chuck asked what percentage of the plant the townships use; Bill said the City is working on that as part of the audit. Historically, the City has defined line loss as more than 30%, but recent work on the master meters at the plant was measuring far more water being produced than was actually being distributed throughout the system. That meter was replaced this year.

Bill asked if the board would object to the City obtaining billing records from John that shows what is being recorded as usage in the townships. The City could use information to compare to what the master meters are saying is being pumped to the townships.

John stated that he has looked at monthly billings for the same reason and there is nothing out of the ordinary; we did see high master meter recordings, but not the other way around.

Bill said that they look at master meter readings monthly and sometimes, they make no sense. In February of 2015 they show only 7 million gallons going out into Garfield Township but they know that is impossible as they show 18 million coming back into the City at Veterans Drive which is also impossible as Veterans Drive only serves two small neighborhoods.

John stated that the DPW notified the City of these issues, he is also concerned with some of the master meter readings. These readings are the basis for all charges and need to be reliable.

Bill said that last year the sewer flow was higher than the water flow for Garfield Township. He said he knows they irrigate in the summer months, but this did not seem right.

John also discussed water flow from the townships to the City. By the contract, this would be considered dual flow and the townships should be receiving an additional 15% credit to this flow.

Bill stated that the contract only identifies one dual meter; the City did not approve the installation of the other meters. John responded that the fact of the matter is there is flow into the City; if the townships need to look at installing unidirectional flow meters, then this could resolve the current issue, but not the fact that township mains have been used by the City for transmission for years.

John also noted that for some time, the meters were not being read as into and out of the townships; they were being read for the "net" into the townships. He has identified the meters that register both flows and he is recording both flows to calculate the purchased flow. By the contract, the City is responsible for reading the meters and calculating flows. The DPW would then review the reads and identify any discrepancies. Given the fact that we are questioning some of the master meter reads, the plant master meter readings, and whether flow out of the township is allowed by the City, the Townships should definitely attend the meter readings.

John also stated that Townline Road in Garfield Township used to have three meters or readings, but is now reduced to one. He would review historic data at this connection point and follow up.

John explained how the meters read flow: the readings are obtained electronically as T1- and T1+; T2- and T2+; and T2N. T1 is meant to be read once per month and reset to zero. T2 is read monthly, but is a totalizer, it cannot be reset to zero; 2N is a net read. If positive, then flow is into the township; if negative, then flow is out of the township.

The Townline meter is capable of reading negative because it was recently tested and the "outflow" meter was calibrated.

Bill said no one ever told them that is how it works. John stated that the issue of dual meters can be resolved by changing the meters to unidirectional or the City accepting them as dual. What is unknown is the impact to either system of not allowing this dual flow.

Veterans Drive is an outflow meter specifically identified in the contract in Appendix C.

John reviewed the contract and the terms of this meter are also not being applied correctly. This is a contract that dates back to 1994 and appears to have been misinterpreted since then.

John said that outflow to the City affects the townships in two ways; lessens the billable flow to the townships and dual meters are a 50/50 split on testing and maintenance. Although the latter is a minor cost to both parties, the former can be fairly significant on an annual basis.

Bill said that the City Engineer did not agree to the Peninsula meters being installed as dual meters. No one on the City side said it was okay or that they are needed for the City. Bill did get the letter from John and he wanted to touch base with this Board. How would they like Bill and John to proceed? John said that first we need to understand the City's position; so a written response to the questions is the first action item. We can then sit down to discuss the responses and each party's position on the contract.

This will be reported back to both boards for formal action.

Bill stated that there is a major project being planned for 2017-2018; this would be electrical upgrades.

He will be glad to continue to provide any information that they may need and to work with John to resolve the issues.

2. Correspondence

John provided a copy of the letter to the City requesting answers to various questions related to the water system; as we discussed, the City will respond and we will go from there.

3. REU Table Discussion

John provided copies of the current rate tables for the committee's review. He said that the authority for the tables are contained in both the water and sewer ordinances, but that over time, each township has selected one or the other to update its table. He recommended getting this table formally updated and approved in one ordinance; he recommended the sewer ordinance, and then to amend the other ordinance to reference that table. He also suggested that the table be allowed to be amended by resolution.

The Committee requested that John prepare and present a combined REU chart for them to review highlighting any differences for them to discuss. They would like to make it as uniform as possible.

4. Employee Pension Discussion

The operating contract through the BPW states the townships are responsible for all fees associated with the employees; this would include present and future pension costs. John is in the process of getting information from the County to provide to the townships that explains these costs. He did want the board to know that our current deficit is not just associated with current employees; it is also covering retired staff.

5. DPW Truck Purchase

John provided details on the purchase in the agenda packet.

Glen asked what we would do with the old truck. John said that we would keep it as a back-up or support vehicle. Glen would prefer we sell it; put it out on a government surplus site. Also, if they want to purchase something like this it should be in the current year budget instead of coming back after a budget has been approved. John said that this purchase has been in the DPW budget for a couple years now; we actually tried to buy a truck last year, but that purchase fell through. By then it was too late to include in this year's budget.

John went over the three bids and recommended the low bidder; the board also reached consensus to include the storage equipment on the truck as an option, with an amount not to exceed $2,385.

John said that a budget amendment will be needed as some funds may not have enough in contingency and we would not want to totally deplete contingency at this point in the budget process.

MOTION by Chuck Korn to approve and recommend to the BPW the purchase of this truck in the amount of $112,506.00; second by Pete Correia.

ROLL CALL VOTE:
(5) YES: Korn, Correia, Zollinger, Kelly & Lile
(0) NO: N/A
(0) Absent: N/A
The Motion PASSED unanimously [5 - 0].

(Item #6 was added to the agenda)

6. Pumping Tanks

John stated that the issue is a combination septic/holding tank system being permitted by the Health Department and the rate to charge for disposal of the waste. Original discussions with the Health Department indicated that the wastes pumped from the first tank should be treated as septic. Based on historical flow frequencies and hauler discussions, this is not how this waste has been treated.

John said he can understand the argument, but based the rate on the Health Department categorization of the waste. The board discussed classifying the waste as holding tank waste as long as the frequency of pumping was consistent with holding tank waste.

The group reached consensus to treat this waste as holding tank waste.

PUBLIC COMMENT-none

NOTICES

1. The next Regular BPW Meeting will be held on Thursday, May 12, 2016 at 9:00 a.m. in the upstairs meeting room at GARFIELD TOWNSHIP HALL, 3848 Veterans Drive.

2. The next regular BPW Finance Committee Meeting will be held on Wednesday, June 1, 2016 at 1:00 p.m. in the Large Conference Room in the Public Services Building at 2650 LaFranier Rd

ADJOURNMENT 4:00 p.m.

Date: _____

_____
BPW Finance Committee Chair; Glen Lile

_____
BPW Finance Committee Secretary, Jack Kelly
(Approved as to form and content)

Drafted by: _____
John Divozzo & Dianne Thompson

Mold Matters

Mold Inspections
Remediations
Indoor Air Quality Specialists

Dust Mite Pollen Fungi Bacteria

(231) 933-MOLD

Solutions for Healthy Indoor Environments

MOLD MATTERS, INC

PROFEESIONAL MOLD REMEDIATION

1650 BARLOW ST #11
TRAVERSE CITY, MICHIGAN 49686
Office Phone: (231) 933-6653
Cell Phone: (231) 313-0440
Fax: (231) 933-6653
MOLDMATTERS@SBCGLOBAL.NET
CERTIFIED PROFESSIONALS
WWW.MOLDMATTERS.ORG

ORDER DATE 11/17/2016 **CUSTOMER NO.** CN 1490

COMPANY NAME:	PENINSULA TWSP SUPERVISOR
CLIENT NAME:	ROB MARIGOLD
ADDRESS:	13235 CENTER RD
ADDRESS:	TRAVERSE CITY MICHIGAN 49686-
PHONE:	(231) 223-7322
ESTIMATE DATE:	11/17/2016
ESTIMATE NO:	2302
P.O. NUMBER:	
PREPARED FOR:	ROB MARIGOLD
ADDRESS:	13235 CENTER RD
CITY, ST & ZIP:	TRAVERSE CITY, MICHIGAN 49686

CUSTOMER MESSAGE

THANK YOU FOR YOUR BUSINESS. PLEASE TAKE SOME TIME AND REVIEW THIS INFORMATION CAREFULLY. IF YOU HAVE ANY QUESTIONS PLEASE CALL.

PRODUCT / SERVICE	QUANTITY	UNITS	UNIT PRICE	DESCRIPTION	ETAX	STAX	TAX TOTALS	LINE TOTAL
Basement								
Air Scrubber	7	Day	$67.50	Airborne Mold/Particle Removal Machine.	0	0	$0.00	$472.50
	NOTES: FILTERS 2 LARGE UNITS							
HEPA	2	Day	$15.50	HEPA Vacuum (# units @ # days)	0	0	$0.00	$31.00
	NOTES: FILTERS							
Har Anti-Microbial Encapsulant	45	GALLONS	$30.00	Anti-Microbial/ Low VOC's	0	0	$0.00	$1,350.00
	NOTES: PRIMER AS WELL							
WATER TITE SEALANT	5	GALLONS	$30.00	CONCRETE WALL/FLOOR MOLD AND MILDEW SEALANT.	0	0	$0.00	$150.00
	NOTES:							
DRYWALL	750	SQ FT (s)	$0.48	Required Sheets Apporx / Various Lenghts/Thickness. Mold Resistant.	0	0	$0.00	$360.00
	NOTES: MOLD AND MILDEW RESISTANT							
Drywall Labor	750	SQ FT (s)	$1.50	Includes Taping, Mudding,Sanding,Hanging, Labor.	0	0	$0.00	$1,125.00
	NOTES:							
Floor Paint	15	GALLONS	$35.00	Anti-microbial floor paint.	0	0	$0.00	$525.00
	NOTES: 2 COATS							
ENTIRE PROPERTY								
Shock Wave	10	GALLONS	$22.75	Anti-Microbial	0	0	$0.00	$227.50

PROPOSAL

ORDER DATE 11/17/2016 **CUSTOMER NO.** CN 1490

			Disinfectant				
	NOTES:	INCLUDES FOGGING ENTIRE BUILDING					
Project							
PPE	2 EA (s)	$28.88	Full Body Suits, Gloves, And Eye Protection (per man)	0	0	$0.00	$57.75
	NOTES:	INCLUDES FILTER CHANGES					
Containment	1 EA (s)	$75.00	Critical Barrier	0	0	$0.00	$75.00
	NOTES:	PROTECT ENVIRONMENT					
DUMP	1 EA (s)	$150.00	Disposal Fee (Minimum)	0	0	$0.00	$150.00
	NOTES:	REMOVE AND DISPOSE					
General Labor	1 EA (s)	$700.00	Project Labor Fee's	0	0	$0.00	$700.00
	NOTES:	PAINTING, MOVING,CLEANING,WIPING,ETC					
Miscelaneous Supplies	1 EA (s)	$75.00	Job Related Materials	0	0	$0.00	$75.00
	NOTES:	TAPE,ROSIN,BRUSHES,ETC					

PRE-TAX SUBTOTAL	$5,298.75	**ORDER TOTAL**	$5,298.75
TOTAL TAXES	$0.00	**TOTAL PAYMENTS**	
		TOTAL DUE	$5,298.75

Proposal Introduction

Hello Rob,

Here is my formal estimate to finish the basement as per our conversation. This includes drywall,coating,cleaning and organizing the entire basement as well as fogging the entire building with a anti-microbial disinfectant. After looking at the structure from attic to basement I believe most of the upstairs concerns are permeating through the basement so upon completion I feel this will make the environment a whole lot healthier. We will need help in telling us as to what to keep or pitch so if the pitch is bigger than I expect their might be an additional dumping fee. I want to thank you for this opportunity to help and please call with any questions or concerns.

Sincerely,

George Jorkasky/ President of Mold Matters, Inc

Remediation Protocol

STEP #1: INSPECTION

* To determine whether the property has a mold problem requiring remediation, Mold Matters, uses a wide variety of mold testing techniques and technologies. The air is sampled via a Bioaerosol Sampler and topical samples are taken through the use of swabs and or lift tapes. This process enables Mold Matter to define the areas of removal and provide oversight for the project.

* Consult with the construction and remodeling group prior to removal to facilitate efficient reconstruction of the space.

* Develop a project time line and communicate this with building representatives prior to the remediation and construction project. Provide contact numbers if occupants have questions about the project.

STEP #2: PERSONNEL

* Individuals trained in the handling of hazardous materials.

* Provide right-to-know training on exposure to the chemicals used and the health effects of exposure to the fungal organisms.

STEP #3: PPE

* Full faced negative pressure respirators (North 7600 series) with CD/CL/HC/HF/OV/SD/P100 cartridges. The cartridge protects against chlorine dioxide, chlorine, hydrogen chloride, hydrogen fluoride, organic vapor, sulfur dioxide and provides a HEPA filter to protect against particles.

* Disposable type coveralls covering both the head and the shoes.

* Gloves: Neoprene, Rubber, Leather or cotton depending on the material to be removed. Leather is recommended when sharp material is expected to be encountered during the demolition.

* Tools: Pliers or cutters to break up metal mesh in plaster walls. These and other tools are used to reduce skin contact with sharp objects.

STEP #4: HYGIENE

* Wash hands after exiting the enclosure and prior to using the hands to place anything in the mouth. Fungal organisms can cause dermatitis. Ingestion of the bacteria or fungi can cause severe diarrhea.

* During the exit from the enclosure, remove the coveralls leaving them inside either the enclosure or the first stage (dirty room) of the two stage decontamination room. In some cases, space will not allow for construction of the decontamination room.

* In the change area, take off the respirator. Remove the cartridges. Clean the surfaces of the cartridges with a disinfectant wipe and keep the cartridges for reuse. Soak and clean the respirator in a gallon of disinfectant (1/2 oz. A-33 quaternary ammonia disinfectant per gallon of water). Rinse the respirator in water, clean with a disinfectant wipe and dry with a clean towel.

* After an exhaust fan with a HEPA filter is used on a job site, the prefilter is covered with 4-6 mil poly and sealed with duct tape.

STEP #5: CONTAINMENT OF AFFECTED AREA

* Complete isolation of work area from occupied spaces using plastic (4-6 mil poly) sheeting sealed with duct tape (including ventilation ducts/grills, fixtures and other openings).

* Use an exhaust fan with a HEPA filter to generate negative pressurization. Use the appropriate sized unit for the space. For example, an Ulti Vac may be used for a glove bag removal, a HEPA Jr. for an office sized room and larger units for bigger areas. Do not use the same units for asbestos and mold removal. If units are shared, a break in the HEPA filter could change a mold containment into an asbestos containment.

* The two sections of the Ulti Vac's are reinforced with duct tape wrapped around the taped junction in the middle of the vacuum unit.

* If space allows, construct a two stage decontamination room with a changing area and a dirty room attached to the entrance of the containment area.

STEP #6: CONTROL OF EXPOSURE TO ADJACENT AREAS

* Vacating people from spaces in not necessary but is recommended for individuals with reduced immune systems, infants, recent surgery patients, people with chronic inflammatory lung diseases or individuals with respiratory health concerns (asthma, hypersensitivity pneumonitis and severe allergies).

* In general, there are fewer occupant complaints about the remediation if the adjacent spaces are vacated. The complaints about construction related odors are reduced and there is more space to place cleanup material.

STEP #7: PAINTING AND APPLYING BENZAALKONIUM CHLORIDE
* Exhaust fan discharge is outside building - Keep HEPA exhaust fan on during the application of Benzallkonium Chloride and anti-microbial paint. Make sure adjacent outside windows are shut, the discharge is not close to an air intake, and window air conditions are shut off or set on re-circulation.

* Exhaust fan discharge is inside building - Shut off HEPA exhaust fan during the application of Benzallkonium Chloride and anti-microbial paint. Turn the fan back on when the odor is no longer noticeable.

* Applying Benzallkonium Chloride to visible fungal growth prior to removal of material. Apply the Benzallkonium Chloride solution to the surface and wait sixty minutes prior to removing the material. This provides sufficient time for the Benzallkonium Chloride to disinfect the material and reduces the dust generated because the material is wetted.

* In some cases, a surface is lightly misted with a Benzallkonium Chloride solution prior to painting. Painting of the surface may begin within 90 minutes of the Benzallkonium Chloride misting.

STEP #8: REMOVAL OF CONTAINMENT MATERIALS

* Containment materials that cannot be cleaned should be removed from the building in sealed plastic bags. The outside of the bags could be cleaned with a damp cloth and a detergent solution or HELP vacuumed in the decontamination chamber prior to their transport to uncontaminated areas of the building. There are no special requirements for the disposal of moldy materials. Moldy materials that are bagged can be disposed of with other general waste.

* Dirt, debris and broken plaster may be placed in 55 gallon drums inside the containment area. Before removal from the containment area, close the drum and clean the outside surface.

STEP #9: CLEANING OF THE CONTAINMENT AREA

* The contained area and decontamination room should be HEPA vacuumed and cleaned with a damp cloth and/or mop with a detergent solution and be visibly clean prior to the removal of isolation barriers.

STEP #10: CONTAINMENT OF AREA USED DURING RECONSTRUCTION
* After the containment area has been cleaned, the enclosure can be used to contain the dusts generated by the sheetrock sanding and taping activities. This is done to reduce the problems with cleanup when reconstruction is completed. The use of HEPA exhaust filter is not required. The two stage decontamination area is also not needed.

STEP #11: FINAL INSPECTION

* Prior to re-occupancy of the space, a visual inspection and or air sampling will be done by Mold Matters or a designated representative. Re-occupancy may occur when the space passes the inspection.

STEP #12" REFERENCES

Guidelines on Assessment and Remediation of Fungi in Indoor Environments, New York City Department of Health Bureau of Environment & Occupational Disease Epidemiology. April, 2000 16p.

Managing Water Infiltration in Buildings, U of MN DEHS and Institute for Environmental Assessment. N.G. Carlson and A. Quraishi - 1998.

Additional procedures developed in consultation with this inspector.

Biocide Application

1. All areas to be treated with a biocide must be clean.

2. Vacuum all debris with an appropriate commercial 5 filter hepa-vac.

3. Using a wire brush or other tools specific to cleaning, aggressively scrub all areas to be treated with

a solution containing one part water, one part sodium hypo chloride and 2 ounces of anionic surfactant. Let dry completely.

4. Using a sprayer, thoroughly saturate the entire area with the pre-mixed biocide, Remedia One, Serum 1000, Fiberlock Shockwave, Rapid Mold Remover and or other various Fungicide Cleaners). Let dry completely.

5. Repeat step number four.

6. Spray or brush on an antimicrobial sealant if applicable, (Harmony, Zinsser, Fosters or other various products). Complete coverage is essential.

7. Perform clearance tests, optional (Recommended) additional charge.

STANLEY STEEMER®

NOW WE CLEAN AIR DUCTS, TOO!℠

Air Duct Cleaning Invoice

Invoice #: _____

Invoice Date: _____

Name: Peninsula Township

Address:

City/State/Zip: Traverse City, MI

Phone: ☑ Estimate

2nd Phone: ☐ Courtesy Call

	MILEAGE	METER
End		
Start		
Total		

COMMENTS/INSTRUCTIONS

Mold Matters

866-644-9250

SERVICES INCLUDED IN PRICE

- ☐ Customer verifies that heat/air is working prior to service _____
- ☐ Turn power off at electrical panel
- ☐ Remove, clean and cover vents
- ☐ Open & mark positioning dampers
- ☐ Cut access holes, isolate
- ☐ Clean motor
- ☐ Clean coils
- ☐ Cover coils
- ☐ Separate return/supply
- ☐ Clean supply
- ☐ Clean return
- ☐ Replace vents and furniture
- ☐ Patch access holes
- ☐ Clean work area
- ☐ Clean outside of unit
- ☐ Replace filter
- ☐ Restart system, heat/air
- ☐ Customer walk-through
- ☐ Customer verifies that heat/air is working after service _____

Customer has been notified that power to air handling unit will be turned off at the electrical panel during cleaning of the HVAC unit and ducts. _____

	QUANTITY	COST	TOTAL
AHU 20 Vents			599
South Unit			
AHU 20 Vents			599

Sub-total	
Discount	
Tax	
TOTAL	1198

Terms: Payment due upon completion of work.

AIR HANDLING UNIT

Type: | Manufacturer:

Location: | Humidifier:

TYPE OF DUCT WORK

- ☐ Sheet Metal Round
- ☐ Sheet Metal Rectangular
- ☐ Flex Duct
- ☐ Insulated
- ☐ Duct Board
- ☐ Structural

Mold/Mildew Growth: _____

Customer Allergies: _____

Filter Size: _____

PAYMENT INFORMATION

- ☐ Cash
- ☐ Check # _____
- ☐ On Account
- ☐ Tax Exempt # _____
- ☐ Credit Card: V MC D AE
- ☐ Preferred Customer Card

Approval # _____

Reference # _____

Any questions concerning our workmanship must be reported within 10 days after completion of work or work will be subject to a service charge at our option. I HAVE READ AND UNDERSTAND THE ABOVE.

x _____

Customer's Signature

76410

CUSTOMER COPY