

Sewer and Water Committee Meeting Minutes 05/10/2016

Where: Township Office – 47240 Green Acres Road, Houghton, MI 49931

When: 10:00 A.M.

Who Present: Andrew Kemper, Peggy Anderson, Bruce Petersen, Chris Holmes (UPEA)

Discussion Points:

- Discussed the e-mail from Duane Reid or USDA – RD and compared it to our 2015 audit with UPEA’s Chris Holmes. Duane’s comments concerning the need to have a 1.1 ratio on our enterprise funds – especially the Portage Water and Sewer funds. The Committee will need to make a recommendation to the Board of Trustees concerning raising the rates for both Portage Water and Sewer to come in to alignment with Duane’s 1.1 profitability ratio. In Portage water this year the TWP will pay of the \$35,000.00 bond indebtedness owed to River Valley Bank and then the next year the \$30,000.00 debt service noted on page 34 of our audit will then be paid off which will greatly lesson the pressure on the water fund. After much discussion with Chris it was decided to that a \$1.75 per month attached to the base fee would be sufficient to address the concerns voiced by USDA – Rd compared to last years audit.
- Discussed Portage Sewer next comparing Duane’s comments with our 2015 audit, looking especially at page 49. It was noted that basically all our enterprise funds were in the “black” after you removed the depreciation affixed to each. The Sewer Fund this year had about \$21,000.00 worth of professional services (UPEA - I & I study was charged to it). It was noted that in the future that amount of professional work will not be needed and or it will be paid for in the administrative portion of any grants/loans that the TWP will receive.
- Initially, \$5.50 was looked at as a base fee increase, knowing that in the near future the TWP may need to charge an additional \$3.00 to the base fee once the Green Acres Road joint project is completed. A \$5.00 increase would generate approximately \$12,000.00 a year.
- A \$2.50 a month increase was discussed next – it would generate enough revenue to satisfy the 1.1 ratio suggested by USDA – RD. The Committee thought it was best to go with the \$2.50/month added to the monthly base fee until a better baseline of cost/usage could be established. Prior to the 2015 audit there was only a 3 or 4 months worth of the time with our latest price increase to look at. So by increasing the base fee this amount we will meet the 1.1 ratio and allow for more monthly data to come in so as to better refine any further needed increase in the future.

- It will be recommended to the Board of Trustees by the Sewer and Water Committee to raise the base fees of Portage Water by \$1.75/month and Portage Sewer by \$2.50/month.
- No Public Comments – none present.

First – Peggy and 2nd Andrew - Adjourned by at 10:50 A.M.

Respectfully Submitted:

Bruce Petersen
Township Supervisor