

**MILK RIVER INTERCOUNTY DRAIN DRAINAGE DISTRICT
DRAINAGE BOARD MEETING MINUTES
JUNE 16, 2020**

A meeting of the Milk River Intercounty Drain Drainage Board was held on Tuesday, June 16, 2020, via teleconference in compliance with the State of Michigan Executive Order No. 2020-02, dated March 13, 2020, and Executive Order No. 2020-75, dated May 6, 2020; electronic (telephonic or video conferencing) attendance will meet the quorum requirements, all votes will be taken by roll call, and public participation will be allowed at the designated portion of the agenda in accordance with the recommendations of Executive Order 2020-75.

Members Present Via Teleconference

Michael R. Gregg, Chair, Michigan Dept. of Agriculture & Rural Development, State of Michigan
Elmeka N. Steele, Esq., Wayne County Drain Commissioner, Wayne County
Bryan Babcock, P.E., Director of Public Works/Water, City of St. Clair Shores
Brian Baker, Chief Deputy, Public Works Office, Macomb County
William Snyder, Department of Public Works Superintendent, City of Harper Woods

Others Present Via Teleconference

Kyle Seidel, Anderson, Eckstein and Westrick
Kip Walby, Southeast Macomb Sanitary District
Brent Avery, Southeast Macomb Sanitary District
Lori Hicks, Southeast Macomb Sanitary District
Bruce Smith, City of Grosse Pointe Woods
Cathy Behrens, City of Grosse Pointe Woods
Frank Schulte, City of Grosse Pointe Woods
Brett Smith, City of Grosse Pointe Shores
John Brennan, Fahey, Schultz, Burzych & Rhodes
Russ Strassburg, Tetra Tech
Greg Tupancy, Tetra Tech
Brady Harrington, State of Michigan
Patrick Cullen, Wayne County
Elizabeth Barrera, Wayne County
Jim Grezlak, Wayne County
Moyna Moore, Wayne County
Kari Blanchett, PFM Financial Advisors
Terry Donnelly, Dickinson Wright
Zach Zechmeister, Spence Brothers

1. Call to Order

Mr. Gregg called the meeting to order at 1:38 p.m. Board Members will not communicate via text or other private methods of communication while this meeting is in session.

2. Approval of Agenda

Mr. Baker moved to approve the agenda with the addition of items 5.b. 2020-2021 Sewer Rates and 5.c. Discussion of District PA 222 Claims, and move item 6.a. Financing Options after item 3. Approval of the Minutes. The motion was supported by Ms. Steele. Motion adopted.

3. Approval of the Minutes for:

a. May 28, 2020, Milk River Intercounty Drain Drainage District Special Board Meeting

Mr. Snyder moved to approve the May 28, 2020, Milk River Intercounty Drain Drainage District Special Board Meeting minutes as presented. The motion was supported by Mr. Babcock. Motion adopted.

6. Unfinished Business

a. Financing Options

Ms. Steele commented that Karen Nichols of EGLE informed her that EGLE is still considering the segmented SRF loan but no decision has been made yet. However, if the loan is approved, the closing would be for the first quarter of 2021. She thanked Ms. Barrera, Ms. Moore, and Mr. Grezlak for updating the financial reports. She introduced Kari Blanchett, PFM Financial Advisors, to review the financing options.

Ms. Blanchett commented that the first quarter for the State's fiscal year is in December. The SRF loan would be the lowest cost of funds; if the State approves the segmented SRF loan, use those funds as well as any community prepayments. If the segmented SRF loan does not work, then the Board could pursue a public bond sale. She recommended waiting for an answer from the State on the segmented SRF loan.

Mr. Donnelly asked if the SRF loan is approved, could interim borrowing be done before the SRF loan comes through.

Mr. Blanchette replied yes, that would make sense and people would have confidence in the note being paid back.

Mr. Donnelly commented he would prepare interim borrowing options for the next board meeting.

Mr. Smith commented that Grosse Pointe Woods could pay their portion of the loan, with approval from City Council, to help with the deficit. It would be approximately \$2,000,000 and would lower the amount needed to borrow.

Mr. Baker commented that if GPW paid in advance, that would give Mr. Donnelly and Ms. Blanchette time to work on other funding.

Mr. Smith commented that it will be on the agenda for the July 13, 2020, GPW City Council Meeting.

Mr. Babcock thanked GPW for their potential prepayment and suggested sending the apportionment to all the communities and SCS may also be able to prepay.

Mr. Gregg commented that MDOT could also prepay; it would be prudent to request prepayment from all the communities. He requested Mr. Donnelly to draft correspondence to all communities requesting a prepayment of their apportionment for the MRIDDD Chair to execute.

Mr. Baker moved to authorize the Chair to send correspondence to all communities requesting them to pre-fund their apportionment, the reason for the pre-funding, and the anticipated amount due. The motion was supported by Mr. Babcock. Motion adopted.

4. Reports

a. Operations and Maintenance (O&M)

The Operations and Maintenance (O&M) update was presented by Brent Avery. Mr. Avery commented that there were two discharges in May with full compliance. Electrical testing is beginning on Storm Water Pump #3 tomorrow and, if successful, the electrical switchover will move forward for Storm Water Pumps 2, 6, and 7. Pump #4 is out and in transport to the testing facility. The Control Room has had some nonstructural construction done to make it a 20 x 20 room with all the work being done by the SEMSD staff. The engineering for Basin 1 and Basin 2 structural openings needs to be completed. Basin 1 is empty, flushed, and cleaned. Basin 2 is empty.

Mr. Zechmeister commented that Spence Brothers are working through cost details with Tetra Tech. Tetra Tech will need to review the costs but Mr. Zechmeister does not believe it will be a problem.

Mr. Avery asked for the payment status on the past due O&M Invoices from February, March, and April 2020.

Ms. Barrera replied the O&M invoices for February, March, and April as well as the Fixed Sewer invoices from April and May were paid on June 10, 2020. She asked SEMSD to let her know when the check arrives.

Mr. Babcock moved to receive and file the Operations and Maintenance Report. The motion was supported by Mr. Baker. Motion adopted.

b. Sandbagging Project

Mr. Seidel commented that the sandbagging operation will be done by Tuesday, June 23, 2020. The next week will be used for punch list items and the backflow preventers will be installed. LSI has stopped the production of sandbags with 280 pallets stockpiled. Mr. Seidel displayed some pictures of the sandbagging operation on the Rosedale Bridge and Liberty from the past two weeks.

Mr. Walby commented that SEMSD has not received any complaints and the project is working out very well.

Mr. Seidel commented that there is a possibility the lake may be at its highest level now, which is good news. He reviewed the following expenses through June 15, 2020, and commented there is a fund balance of \$116,163.93:

Submitted Pay Estimate	Date	Vendor	Invoice No.	Amount	Budget Remaining	Notes
02	5/1/20	Grosso Trucking & Supply Co.	63168	\$ 1,729.79	\$ 505,183.65	Sand purchase
02	5/4/20	Grosso Trucking & Supply Co.	63369	\$ 1,662.82	\$ 503,520.83	Sand purchase
00	5/8/20	AEW, Inc.	0126308	\$ 27,365.30	\$ 476,155.53	Engineering Services
02	5/12/20	LSI	184209	\$ 39,199.75	\$ 436,955.78	5/4/20 to 5/9/20 Prod. & install
02	5/7/20	Grosso Trucking & Supply Co.	63524	\$ 1,669.31	\$ 435,286.47	Sand purchase
02	5/11/20	Grosso Trucking & Supply Co.	62267	\$ 1,693.54	\$ 433,592.93	Sand purchase
02	5/13/20	Grosso Trucking & Supply Co.	63783	\$ 2,526.19	\$ 431,066.74	Sand purchase
02	5/14/20	Grosso Trucking & Supply Co.	61399	\$ 1,741.05	\$ 429,325.69	Sand purchase
02	5/18/20	LSI	184340	\$ 49,125.00	\$ 380,200.69	5/11/20 to 5/16/20 Prod. & Install
03	5/19/20	Grosso Trucking & Supply Co.	63074	\$ 2,585.91	\$ 377,614.78	Sand purchase
03	5/26/20	LSI	184515	\$ 46,881.62	\$ 330,733.16	5/18/20 to 5/22/20 Prod. & Install
03	5/22/20	Grosso Trucking & Supply Co.	81103	\$ 954.19	\$ 329,778.97	Sand purchase
03	5/22/20	Grosso Trucking & Supply Co.	63840	\$ 860.70	\$ 328,918.27	Sand purchase
03	5/22/20	Grosso Trucking & Supply Co.	81104	\$ 1,717.01	\$ 327,201.26	Sand purchase
03	6/1/20	LSI	184739	\$ 516.65	\$ 326,684.61	Irrigation Relocation for Levee
03	6/1/20	LSI	184738	\$ 44,165.00	\$ 282,519.61	5/26/20 to 5/30/20 Prod. & Install
04	6/1/20	Grosso Trucking & Supply Co.	64382	\$ 1,717.20	\$ 280,802.41	Sand purchase
04	6/2/20	Grosso Trucking & Supply Co.	64543	\$ 1,716.25	\$ 279,086.16	Sand purchase
04	6/2/20	Grosso Trucking & Supply Co.	64542	\$ 1,706.71	\$ 277,379.45	Sand purchase
04	6/4/20	LSI	185488	\$ 7,460.39	\$ 269,919.06	Visqueen, Plywood, PVC materials
00	6/3/20	AEW, Inc.	0126512	\$ 74,452.63	\$ 195,466.43	Eng. Services, Sandbag Pass Thru
04	6/8/20	LSI	185505	\$ 43,277.50	\$ 152,188.93	6/1/20 to 6/6/20 Prod. & install
04	6/15/20	LSI	185610	\$ 36,025.00	\$ 116,163.93	6/8/20 to 6/12/20 Prod. & Install

Ms. Barrera commented that pay estimate number 2 will be paid on June 24, 2020 and pay estimate number 3 will be paid on July 8, 2020.

Mr. Gregg commented that Mr. Seidel has done an excellent job with the whole sandbagging operation. He asked if the lake level is up to the weir extension.

Mr. Walby replied no; the lake is just below the top of the permanent weir.

Mr. Babcock moved to receive and file the Sandbagging Operation Report. The motion was supported by Mr. Baker. Motion adopted.

c. Priority 1B and Select Improvements Project – Construction Update

The Drainage District Board received the Engineering Services and Construction Contract Status Report and the Summary of SRF Loan Costs Reports as of June 12, 2020. Mr. Tupancy commented that the engineering contract is approximately 78.88% completed and invoiced through April 30, 2020. The construction contract is approximately 89.95% completed and invoiced through April 30, 2020, however, change order number 3 needs to be added. He commented that the control room reconstruction done by SEMSD is separate and not part of the improvement project. He also commented that the structural engineering for the basin openings and the covers are not part of the Priority 1B Project and would need additional funding. Storm Pump #4 is out and on its way to the shop. Storm Pump #3 is on the new electrical control system with some issues; it would start 7 out of 10 times. Eaton will be out to reset the controllers to clear up this issue. The onsite asphalt was replaced with concrete, which Spence Brother elected to do at no cost to the MRIDDD; however, some of the slabs will need to be replaced due to cracking. The intake pipe repairs should begin again this week. Mr. Tupancy thanked Mr. Smith for his help and the City of Grosse Pointe Woods for allowing the intake pipework to continue through the summer/holiday

season. The new chemical feed valves were mislabeled and are now correct but Mr. Tupancy will confirm that next week. He is trying to get caught up with mediation payments.

Mr. Zechmeister commented that the disinfection is starting tomorrow. Storm Pump settings are being worked on now and Pumps 2, 6, and 7 should proceed more streamlined. He is looking at demobilization in August and September with the site cleaned up.

Mr. Babcock moved to receive and file the Construction Reports. The motion was supported by Ms. Steele. Motion adopted.

d. Financial Reports

Ms. Moore reviewed the Projected Construction Cash Balance as of September 30, 2020. With the unforeseen conditions allowance of \$7,487,173, the cash balance will be short \$4,659,580. Ms. Moore commented that after Mr. Tupancy's review, she will update the unforeseen conditions allowance to approximately \$6,800,000 on both the Cash Balance Report and the Statement of Operations.

Mr. Baker asked when will additional funds be needed.

Ms. Moore replied the fund will run out of money within the next two months. She will work with Mr. Tupancy to project out all anticipated costs through the project end and get a report back to the Board. She reviewed the Statement of Operations for the fund through May 31, 2020. The report shows a Fund balance for the O&M of \$1,510,083, Reserve of \$339,946, Construction (\$1,879,297), and the Total Fund Balance of (\$29,268). She will revise the amount for the Contract Conditions Expenses after she speaks with Mr. Tupancy.

Mr. Baker asked if the O&M fund is overspending by \$836,510 and does the \$773,465 in Pending 4th Quarter Assessments include the supplemental (catch-up) assessments.

Mr. Grezlak replied that the \$836,510 is the remaining amount that will be spent for the rest of the year.

Ms. Steele replied that the \$773,465 does not include supplemental assessments; it is shown separately.

Mr. Baker asked when will we know what the unknown pump costs will be.

Mr. Tupancy replied that there is a projection included but he will not know the actual costs until the pump and motor are at the shop and broke down; approximately 4 weeks after the breakdown of the pump. The final pump/motor rebuild is approximately two years out but the projection for the future pump/motor costs has been included in the additional costs to complete the project report.

Mr. Babcock asked if the cost was included in the Additional Construction Cost Summary. He wants to confirm the future pump/motor costs are included in the new loan amount.

Mr. Tupancy replied that it is not included on the June 12, 2020, Construction Cost Summary. However, it was included in the Cost of Outstanding Items Known to Date Report on May 7, 2020.

Mr. Gregg thanked Ms. Moore for her detailed review of the reports.

Ms. Moore looks forward to working with the MRIDDD Board.

Mr. Snyder moved to receive and file the Financial Reports. The motion was supported by Mr. Babcock. Motion adopted.

5. New Business

a. SEMSD O&M Charge

Mr. Seidel commented that the SEMSD Board approved the SEMSD Fiscal Year 2021 Budget. As a result, the new monthly O&M amount will be \$60,361.11 effective July 1, 2020; the current O&M monthly amount is \$51,586.46. He reviewed the data used for calculation with 1/3 of the SEMSD Milk River Budget charged to the MRIDDD. He noted that the Marter Road Booster Station, Hoffman Pump Station, Martin Drain Pump Station, and Kerby Road Pump Station are not included in the O&M charge.

Mr. Baker commented that it looks like a 17% increase. He asked why the large increase in OPEB; it was at \$0 last year and now it is at \$40,000. He believes this was discussed a couple of years ago when the Milk River hired SEMSD.

Mr. Walby replied that SEMSD is at 76% funding.

Mr. Seidel will need to consult with Brett McDonald to find out why there are two OPEB amounts. The original discussion a couple of years ago was should the MRIDDD share in the OPEB cost for past service years. It was determined and verified that Wayne County had been passing through OPEB costs to the MRIDDD. SEMSD paid off the OPEB costs to Wayne County when they purchased the assets. As part of the agreement, SEMSD paid \$3.4 million in OPEB and legacy costs. SEMSD still has OPEB costs that are being passed through under the DB OPEB Contribution, which is unchanged from last year's budget and the new DC OPEB expense. Mr. Seidel will get back to the Board with an answer as to why the DC OPEB Expense was added.

Mr. Baker asked Mr. Seidel to update the report and show the actual numbers from last year and this year as well as projected expenses. He also asked for the true-up from last year.

Mr. Seidel replied he will bring the 2019 True-Up and actual numbers for FY 20 through June 30, 2020.

Ms. Moore commented that Wayne County will adjust their annual budget for the remainder of the year to reflect the new SEMSD budget.

Mr. Baker moved to receive and file the correspondence for the Milk River RTB Monthly Service Fee for FY 21 subject to further discuss at the July 16, 2020, MRIDDD Board Meeting. The motion was supported by Mr. Babcock. Motion adopted.

b. 2020-2021 Sewer Rates

Mr. Seidel reviewed the 2020/2021 Sewer Rates for the MRIDDD explaining the fixed monthly fee includes the base flow fee, excess flow fee, and bond debt for Priority 1A Project, and Kerby Road Pump Stations (SFR Project No 5416-01). The new monthly fixed sewer fee amount is \$192,878.20 effective July 1, 2020, through June 30, 2021. He reviewed the supporting data used to determine the fixed monthly sewer rates.

Ms. Barrera commented that GLWA deferred the rate increase until October 2020 for Area 3. She asked if that was included in the new rate calculation.

Mr. Seidel replied that the GLWA deferred cost was calculated in the new rate, but we are not looking to defer the SEMSD rates until October. For the First Quarter, SEMSD used the same rates and then calculated the anticipated rate increase beginning with the Second Quarter.

Mr. Baker asked what percentage is the increase for Milk River.

Mr. Walby replied the Milk River increase was 9.2%.

Mr. Baker asked what percentage was the rate increase including the three-month GLWA rate pause.

Mr. Seidel replied it was 1.3%.

Mr. Baker asked why the Milk River District is so high with a 9.2% rate increase.

Mr. Seidel replied it has to do with the shifting of flow and the Milk River District went up .5% more in sharing the approximate total of \$30,000,000. It is based on a five-year average apportionment assessed every year and there was a time when the Milk River apportionment rates did not change for several years during the transition from Wayne County to SEMSD. The rates were held artificially lower than they should have been with the District having a substantial increase from 5.9% to 7.3% last year. The District's total share of the SEMSD costs is based on 7.88%.

Mr. Baker asked if it is based on water consumption or actual sewage flow.

Mr. Seidel replied that it is based on metered sewer flow going into the Milk River, which has increased from past years. The flow for both Grosse Pointe Woods and Harper Woods has decreased.

Mr. Babcock moved to receive and file the 2020-2021 Sewer Rates. The motion was supported by Mr. Snyder. Motion adopted.

c. Discussion of District PA 222 Claims

Mr. Brennan commented that the claims are still under investigation with some input from the Engineers. He asked if the claim for \$28,400 has been submitted to Spence Brothers and their insurance carrier. This claim was submitted on May 26, 2020, and alleges movement of foundation walls, cracking of foundation walls, water in the basement and backyard due to the work at the pump station. The claim is allegedly due to the pump station work and should be tendered to both Spence Brothers and their insurance carrier as MRIDDD is named as an additional insured on their policy. Mr. Brennan offered to draft a letter to Spence Brothers and their insurance carrier for the Chair to execute to tender this claim to them.

Mr. Strassburg replied he would need to check with Mr. Ard to see if the claims were submitted to Spence Brothers and their insurance carrier.

Mr. Brennan commented that the other claim is a landscape issue on River Road. When it rains, water travels from the Pump Station to their backyard. They are asking for piping to be installed to drain directly into the manhole. The claim shows continuous damage as the date of event so Mr. Brennan is not sure if this is a timely claim and he is not sure if there is any causation from the Drain. This claim needs to be investigated and a response prepared.

Mr. Schulte commented that Mr. Harrington investigated and found no issues with the rear yard. Almost every yard in GPW floods this time of year due to the soil and the water level.

Mr. Brennan suggested a Board Member could go out and investigate to see if there is a cause from the Drainage District.

Mr. Strassburg commented that the grate has plastic all around the cover and maybe it is blocking the drainage.

Mr. Avery commented that this area will be restored and possibly modified during the restoration project.

Mr. Tupancy commented that there has been no change to the grading on the property.

Mr. Brennan commented that this claim should be investigated and come up with a settlement, if applicable, or there is no causation at all. We can send correspondence letting the owner know we are investigating the claim and need an exact date when the flooding began.

Mr. Walby commented that Mr. Seidel and himself will go out and look at the yard.

Mr. Smith commented that the owner claims the slope on the Milk River side changed and the wall that was built caused the water to flow into her yard.

Mr. Brennan suggested Mr. Smith email the owner letting her know the MRIDDD is in receipt of the claim and will respond within 45 days of her notice.

Mr. Smith will send the email to the homeowner and copy Mr. Gregg on the email. He commented that there have been numerous building permits for building foundation repairs in that area.

Mr. Babcock moved to receive the two claims; one claim will be investigated by the MRIDDD, and the other claim will be tendered to the contractor and insurance carrier. The motion was supported by Ms. Steele. Motion adopted.

6. Unfinished Business

b. AT&T Cell Tower Lease

Mr. Brennan commented that he spoke with the GPW Cell Tower Consultant who told him that GPW uses Mike Watzka of Kitch, Drutchas, Wagner, Valitutti & Sherbrook, who negotiates cell tower deals for a \$10,000 retainer. He asked the Board Members if they want option: a) not interested and not worth the effort, b) interested in a professional cell tower lease negotiator or c) Mr. Brennan negotiate the cell tower lease.

Ms. Steele replied she would choose option B and possibly GPW would want to negotiate with Milk River and split the cost.

Mr. Babcock commented that SCS is still in negotiation.

Mr. Walby commented that SCS utilizes Mike Watzka to negotiate their cell tower lease.

Mr. Brennan asked if he should contact Mr. Watzka to get a cost and see if it would be worth pursuing.

Mr. Smith forwarded Mr. Watzka's contact information to Mr. Brennan and Ms. Hicks.

Mr. Gregg commented that he liked the idea of working with Mr. Watzka and getting a proposal for the next Board Meeting.

Ms. Steele moved to authorize legal counsel, Fahey, Schultz, Burzych & Rhodes, to subcontract with Mike Watzka of Kitch, Drutchas, Wagner, Valitutti & Sherbrook to obtain advice and consultation on the AT&T Cell Tower Lease and authorize legal counsel to review and manage any invoices submitted by Mr. Watzka related to this service. The motion was supported by Mr. Babcock. Motion adopted.

7. Approval of the SEMSD Operations and Maintenance Invoice

The SEMSD Operations and Maintenance (O&M) Invoice for May 2020 was reviewed. The May 2020 O&M 5-2020 invoice totaled \$65,756.81. The total amount billed included the O&M monthly invoice and the reimbursable pass-through costs.

Mr. Babcock moved to authorize the payment of SEMSD Invoice O&M 5-2020. The motion was supported by Mr. Snyder. Motion adopted.

At 4:43 p.m., Mr. Babcock was excused from the meeting.

8. Public Comment

Mr. Gregg announced Public Comment, at which time:

Mr. Schulte commented that the cupolas at the Pump Station are being changed. If the old ones are being discarded, he requested permission to have them. Recently, GPW had a cupola blow off their pavilion and it would be a nice fit.

Mr. Tupancy commented the old ones had to be changed out to fit the antenna and are being thrown out by the contractor. The MRIDDD has the first right for anything they want to salvage.

Mr. Gregg commented that he sees no problem in repurposing them and asked the Board Members if they had any objection.

No objection was made so Mr. Schulte is to contact Dave Weiss tomorrow to pick them up.

Mr. Schulte thanked the Board for the cupolas.

There being no further comment, Mr. Gregg announced public comment closed.

9. Next Drainage Board Meetings

The next regularly scheduled board meeting is Thursday, July 16, 2020, at 10:00 a.m. located at the St. Clair Shores City Hall, Geer Conference Room, 27600 Jefferson Avenue, St. Clair Shores, MI 48081.

10. Adjournment

Mr. Snyder moved to adjourn the meeting. The motion was supported by Mr. Baker. Motion adopted.

There was no further discussion to come before the Drainage Board; the meeting adjourned at 4:52 p.m.

Brian Baker, Chief Deputy Macomb County Public Works Commissioner

NOTE: The foregoing minutes are subject to Milk River Intercounty Drain Drainage Board approval.