

**Sewer and Water Committee Meeting Minutes**  
**07/20/2020**

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

**When:** 1:00 P.M.

**Who Present:** Bill Bingham, Peggy Anderson (Trustees) & Bruce Petersen (Supervisor)

**Public Present:** Chris Holmes (UPEA)

**Discussion Points:**

- Portage Water and Sewer Fund was the major discussion point for the meeting. From the last Township meeting, the Treasurer's report was that this enterprise fund was found was in debt and that the Bond and Replacement, O&M, repair accounts were at or near zero. This prompted a letter of concern from USDA – Rural Development asking how the Twp. will be addressing especially the sewer fund portion over the course of the next few years.
- Bingham indicated that we should raise the rates to those customers in the Portage Enterprise Fund to generate the money for the funds mentioned above.
- Petersen asked Holmes – Did he think our economic position in Portage water and sewer fund was due to lack of revenue being collected or the large City of Houghton usage penalties incurred in 2019 and 2020, prior to the signing of the new Waste Water Treatment Contract with the City in 2020. He indicated after his review of the billing in 2019 and 2020 he thought the vast majority of that funds shortfall was a culmination of all the penalties levied by the city of Houghton under the old waste water treatment contract. Under the old contract any daily waste water flows above 100,000 gallons were penalized; by doubling the charges from the preceding multiple every 25,000 gallons of additional flow above 100,000 gallons. Our newly signed waste water treatment contract with the City of Houghton/Hancock and the Portage Sewage Authority again starts penalizing the Twp. for anything above 100,000 gallons but at the agreed to wholesale rate times 1.1 or 10% penalty with no incremental steps thus negating the huge penalties excised by the City under the old contract.
- Petersen asked what were the City sewer overage penalties billed to the Twp. in 2019 and 2020, prior to the signing of the new Waste Water Treatment Contract? They are as follows:

March 2019 → \$12,754.00

April 2019 → \$102,451.00 negotiated down to \$63,000.00

May 2019 → \$17,988.00

March 2020 → \$1,749.00

May 2020 → \$17,988.00


The total penalties paid by the Twp. in 2019/2020 were about: **\$113,479.00.**

- Chris indicated that the accounts that need reimbursement totaled about \$100,400.00 in total. Again, the revenue stream for Portage Water/Sewer seems to be ok it was the huge overage treatment penalties from the City in 2019 & 2020 that incurred the Township's indebtedness in those accounts.
- Bingham indicated that the Twp. could also assist our Portage Account repayment by again checking for residential sump pump flows out letting in to the sewer system. The Committee noticed that there were volumetric changes somewhat correlated to rainfall events during the spring of 2020. Petersen indicated that he will contact the DPW staff and they will again go check on the pumping offenders that were found and supposedly corrected in the fall in 2019.
- Lastly, Chris discussed our Green Acres Joint Project and what we will need to do to answer the USDA – RD monetary concerns. He will compare 1,2 and 3 year pay back periods for the accounts and come up with repayment scenarios for each. We discussed the parameters in the Professional Engineering Report (PAR) that was submitted to RD. UPEA assumed about 2,300 gallons of water consumption per household and that the base rate for Portage Water and Sewer would be \$34.50. At the numerous public meetings and at the Twp. monthly meeting discussion prior to formally requesting this project the proposed base rate and other parameters were discussed. Presently, the Twp. has about a 2.37% rate for the RD load and if we close now the rate would be adjusted down to 1.125%.

**Public Comment:** There were no public comments – none present.

**Adjournment:** First – Bill and 2<sup>nd</sup> Peggy - Adjourned at 2:20 P.M.

Respectfully Submitted:



Bruce Petersen  
Township Supervisor