

Higgins Lake Utility Authority  
Regular Meeting Minutes  
January 2, 2018

The meeting was called to order by Chairperson Hartman at 11:00 a.m.

Roll call: Present: Cook, Hartman, Wood Absent: English, Riley

Public Comments: None

Motion by Hartman, second by Cook, CARRIED to approve the agenda. Yeas: All Nays: None

Motion by Hartman, second by Cook, CARRIED to approve the minutes from the December 5, 2017 meeting. Yeas: All Nays: None Motion by Cook, second by Wood, CARRIED to approve the minutes of the December 15, 2017 special meeting. Yeas: All Nays: None

**WADE-TRIM REPORT:** Ken reported there were no Miss Digs and 2 service calls for the month, two pumps are left to be repaired and the generator annual maintenance will be completed on the 3<sup>rd</sup> of January. Ken also reported on the DEQ. inspection report.

Motion by Hartman, second by Cook, CARRIED to approve the treasurer's reports for December 2017 Yeas All Nays: None

Motion by Hartman, second by Wood, CARRIED to approve the accounts payable. Yeas: All Nays: None

**REPORT FROM STAFF:**

**OLD BUSINESS:** Tatro confirmed with board the deposit of \$25,000 into a Cert. of Deposit. Jim Anderson reviewed the annual audit with the board. Motion by Hartman, second by Cook, CARRIED to move the February board meeting from the 5<sup>th</sup> to the 9<sup>th</sup>. Yeas: All Nays: None

**NEW BUSINESS:** None

**MEMBER COMMENTS:**

Meeting adjourned 12:06 p.m.

Respectfully submitted

Paul Tatro  
Business Manager

Ron Wood  
Secretary



STATE OF MICHIGAN

RICK SNYDER  
GOVERNOR

DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET  
LANSING

DAVID L. DEVRIES  
DIRECTOR

December 28, 2017

Higgins Lake Utilities Authority  
3775 W. Federal Highway  
Roscommon, MI 48653  
Attn: Ms. Sharon Hartman, HLUA Chair

Beaver Creek Township  
8888 S. Grayling Road  
Grayling, MI 49738  
Attn: Ms. Kim Van Nuck, Supervisor

Subject: Basis of Connection Agreement between the State of Michigan  
(Department of Natural Resources) and the Higgins Lake Utilities Authority  
(HLUA) for Sanitary Wastewater Service.  
Facility Served: North Higgins Lake State Park  
File No.: 751/15272.BDW

Thank you for presenting the letter of conditions (Lyon Township Resolution) for connection to the Higgins Lake Utilities Authority (HLUA) system.

After careful consideration we are not in the position to accept your offer, for basis of further discussion. We may however, wish to revisit this issue with you at a future date.

After review and consideration of the connection and O&M fee calculations, we provide the following feedback for your additional consideration:

**History:**

- DNR approached HLUA, Lyon Township and Beaver Creek Township on the process for connecting into the system.
- DNR provided the initial basis for discussion offering the following: 19 REU's and \$156,000.00 buy-in. These numbers were developed by C2AE and were based on publications from HLUA, along with the estimated annual flow for North Higgins Lake State Park.
- Beaver Creek Township accepted the initial basis for discussion offer of 19 REU's and \$156,000.00 buy-in.
- HLUA followed with a resolution proposing 30 REU's and \$160,000.00 buy-in.
- The State accepted the basis of discussion proposal of 30 REU's and \$160,000.00 buy-in as basis for starting negotiation and developing further contract language.

DESIGN & CONSTRUCTION DIVISION  
3111 W. ST. JOSEPH STREET • LANSING, MICHIGAN 48917  
[www.michigan.gov/dtmb](http://www.michigan.gov/dtmb) • 517-284-7910

- February 17, 2017, Lyon Township proposed in Township Resolution #2017-003 a basis of discussion of an undetermined number of REU's, but a minimum annual O&M fee of \$44,190.00 and \$215,840.00 buy-in for 1,520,000 gal/yr. (This proposed O&M fee equates to approximately 105 REU's based on current monthly charges for a one REU household, per HLUA documents).
- HLUA subsequently adopted the Lyon Township proposal of minimum annual O&M fee of \$44,190.00 and \$215,840.00 buy-in.

**Summary:**

The State provided value to the construction of the original facility and this value was not adequately considered in the development of the fee structure. The values of the below listed actions should be considered in the final fee structure determination:

- The uncompensated transfer of 70 acres from DNR for the purposes of the Wastewater Treatment Facility.
- There was significant value provided to each individual owner in Camp Curnalia via the States transfer of approximately 95 acres of prime lakefront property of land, known as Camp Curnalia.
- There was significant value provided to Lyon Township and all of the residents by the conversion of Camp Curnalia from State land to private property, which is now on tax rolls of the Township.

The State's viewpoint on the connection of this facility and rejection of the most recent basis for discussion from the HLUA is based only in part from an economic standpoint. Additional consideration was given for a certain amount of goodwill, community spirit, cooperation and being good stewards of the quality the regional groundwater aquifer and surface waters of Higgins Lake. It is not only economics that drives our decision, but it is a significant factor and in the best interest of the taxpayers of the State and the users of the State's facilities. From an economic standpoint, we have evaluated the costs to complete upgrades to our existing wastewater collection and treatment system and continue the operation of those facilities. The breakeven point for the operation and maintenance of our own facility, is approximately 30 REU's (\$12,600/yr.) and \$160,000.00 buy-in. Although the existing N. Higgins Lake State Park system is in need of some minor improvements, it is not believed that there is impending failure or any environmental issues present.

A set yearly lump sum OM&R charge as proposed does not provide for measurable future adjustments of this fee. We would suggest that any further discussion, if desired, be based on OM&R billings of actual metered flow volumes based on a set cost per thousand gallons of usage, and that this basis be tied to REU's for future cost of operation increases. This tie bar should be structured such that both the future Authority Administration and the future State Administration are assured that future fee increases are not apportioned arbitrarily.

Sharon Hartman & Kim Van Nuck  
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Future discussions with the HLUA shall consider the following which will make our discussions more productive:

**State of Michigan**

The State plans to complete improvements to the internal park collection system and pump stations, which would include electrical and mechanical upgrades, as well as, to install a flow metering system at the Boat Wash Pump Station. The flow will be monitored so that we will have a more accurate flow volume for usage calculations. To ensure that the State's waste water treatment infrastructure is not allowed to deteriorate beyond repair, we plan to make all improvements necessary for the current system to operate. We plan to make the Boat Wash Pump Station upgrades suitable for acceptance per HLUA standards, should an agreement be reached for connection to the HLUA System at a later date. To assure the improvements are in compliance with HLUA, we would request HLUA review (and approve in principle), the plans and specifications for the proposed upgrades.

**Higgins Lake Utilities Authority (HLUA)**

We respectfully request mutual review and revision of ordinances and bylaws in order to make future connections possible through negotiation with the HLUA and to better spell out the methodologies for accepting new customers and establishing the O&M fee calculations and REU rates. For any future rate adjustments, a specific formula will need to be developed and agreed upon to define the methodology for making such adjustments. Rates should have the ability to be either increased or decreased based on actual costs.

Once again, we thank you for your time and effort in considering the connection of the North Higgins Lake State Park to the HLUA system.

Please let us know if you believe that further consideration of this connection, based on the information provided above, is worth pursuing.

Respectfully,



Bruce Watkins, P.E., Project Director  
Design & Construction Division  
State of Michigan  
Department of Management and Budget

cc: Cook, Scott, DNR-PRD  
Doan, Bill, DNR-PRD  
Fox, Larry, C2AE



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF ENVIRONMENTAL QUALITY  
GAYLORD FIELD OFFICE



C. HEIDI GREYER  
DIRECTOR

December 18, 2017

VIA E-MAIL

Mr. Paul Tatro  
Higgins Lake Utility Authority  
PO Box 437  
Higgins Lake, Michigan 48627

CC Number CC-000931

Dear Mr. Tatro:

SUBJECT: Groundwater Compliance Evaluation Inspection  
Groundwater Discharge Permit Number GW1810193  
Designated Name: Higgins Lake WWTF

On September 21, 2017, staff of the Department of Environmental Quality (DEQ), Water Resources Division, conducted an inspection of the Higgins Lake Wastewater WWTF (Facility) located at 11731 Legion Camp Road, Roscommon, Michigan. The purpose of this inspection was to determine the Facility's compliance with Part 31, Water Resources Protection, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (NREPA); and Groundwater Discharge Permit Number GW1810193, issued on November 27, 2013, and effective December 1, 2013.

Mr. Ken Schaut and Mr. Michael Stanaway, both operators with Wade Trim, participated with me in the inspection, which included an interview, a records review, and a site inspection.

The main components of the treatment system consist of two aerated lagoon cells, two storage lagoon cells, associated pipes and pumps, and 15 acres of spray irrigation fields.

Overall, the treatment facility appeared to be adequately operated and maintained. However, the following items were identified and/or discussed during our evaluation.

1. After the inspection, I was informed that Mr. Stanaway is no longer the certified operator for the treatment system. Another certified operator that has an L2 certification for the aerated lagoon system under Part 41, Sewerage Systems, of the NREPA, will need to be designated. Please provide the name of the certified operator who will be taking over the supervision of the treatment facility. The enclosed form may be used for this purpose.
2. As part of the record keeping and reporting evaluation portion of the inspection, randomly selected laboratory analytical results were reviewed in comparison to the data provided on the discharge monitoring reports (DMRs). There were some inconsistencies between the laboratory sheets and the DMR's as noted in the following items:
  - a) The daily numbers for nitrate in May 2017 and ammonia and sodium in April 2017 did not match the laboratory sheet, although these parameters matched on the summary sheet in the DMRs.

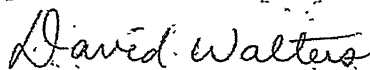
- b) The April 2017 DMR indicates the discharge occurred on April 28<sup>th</sup> and the laboratory sheet indicates the sample was taken on April 27<sup>th</sup>.
- c) The May 2017 DMR indicates the discharge occurred on May 18<sup>th</sup> and the laboratory sheet indicates the sample was taken on May 17<sup>th</sup>.
- d) The May 2017 DMR indicates that the monitor wells were sampled on May 17<sup>th</sup> and the laboratory sheet indicates the sample was taken on May 22<sup>nd</sup>.
- e) Effluent samples were taken in July 2017 but the DMR indicates there was not a discharge. The Facility's records should be checked to confirm whether or not there was a discharge and the DMR form updated if needed.

To ensure accurate reporting, additional care needs to be taken when entering the data from the laboratory sheets into the DMRs. It was also noted that pH analysis was done at the laboratory; this parameter needs to be done in the field.

- 3. The test method (EPA 405.1) used by the contract laboratory for biochemical oxygen demand (BOD) analysis appears to be outdated and is not listed in the Title 40 of the Code of Federal Regulations (CFR), Part 136, Guidelines Establishing Test Procedures for the Analysis of Pollutants. Another test method that is approved under 40 CFR Part 136 needs to be used for BOD analysis.
- 4. There were a few exceedances noted of the application rate to the spray irrigation site (LA-1) on the October 2016 and June 2017 DMRs that appear to have been corrected with additional monitoring of the weekly discharge volumes
- 5. One of the aerated ponds and one of the storage ponds had aquatic vegetation covering a portion of the water's surface. Efforts to control aquatic vegetation may be needed if this vegetation reappears during the next growing season, especially if it negatively impacts the operation or performance of the treatment system. Physical removal of the vegetation is preferred over chemical addition because dead vegetation left in the pond can contribute to BOD and additional solids loading. Chemical addition requires approval from the DEQ before use.

If you have any questions or concerns, please contact me at 517-599-1461; [waltersd@michigan.gov](mailto:waltersd@michigan.gov); or the DEQ, 2100 West M-32, Gaylord, Michigan, 49735-9282, Gaylord, Michigan 49735-9282.

Sincerely,



David Walters, P.E.  
Environmental Engineer  
Gaylord District Office  
Water Resources Division

Enclosure  
cc/enc: Mr. Ken Schaut

DATE: \_\_\_\_\_

TO: Mr. David Walters, Environmental Engineer  
Water Resources Division  
Gaylord District Office  
Department of Environmental Quality  
2100 W. M-32  
Gaylord, Michigan 49735  
Phone number: 517-5991461  
e-mail address: [dwalters@michigan.gov](mailto:dwalters@michigan.gov)

I hereby designate \_\_\_\_\_ as the responsible operator in charge of the wastewater treatment facilities at \_\_\_\_\_, Discharge Permit Number GW1810193. He/she has met the requirements of the Department of Environmental Quality and has been properly certified. The Certificate Number is \_\_\_\_\_, and the license classification(s) are \_\_\_\_\_.

The names, certificate number, and license classification(s) of other operators who are employed at the above facilities are listed below.

NAME	CERTIFICATE NUMBER	LICENSE CLASSIFICATION(S)

\_\_\_\_\_  
NAME

\_\_\_\_\_  
TITLE

\_\_\_\_\_  
COMPANY

*Please e-mail or mail this form to the addressee above.*

**Higgins Lake Utilities Authority**  
**Profit & Loss Budget vs. Actual**  
 July through December 2017

	Jul - Dec 17	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
537.607 · Sewer Fees	82,982.95	170,100.00	-87,117.05	48.8%
537.609 · Delinquent Sewer Fees	882.00	2,000.00	-1,118.00	44.1%
537.664 · Interest-O&M	64.08	100.00	-35.92	64.1%
537.671 · Misc Income-O&M	0.00	200.00	-200.00	0.0%
<b>Total Income</b>	<b>83,929.03</b>	<b>172,400.00</b>	<b>-88,470.97</b>	<b>48.7%</b>
<b>Expense</b>				
537.710 · Per Diem	1,300.00	3,000.00	-1,700.00	43.3%
537.726 · Office Supplies	120.99	250.00	-129.01	48.4%
537.727 · Equipment Purchases-Large	1,931.94	2,000.00	-68.06	96.6%
537.728 · Equipment Purchases-Small	44.88	500.00	-455.12	9.0%
537.729 · Equipment Replacement Reserve	25,000.00	14,700.00	10,300.00	170.1%
537.735 · Operating Supplies	0.00	100.00	-100.00	0.0%
537.801 · Legal & Professional	62.50	2,000.00	-1,937.50	3.1%
537.802 · Contractual Services-Operations	44,552.01	66,400.00	-21,847.99	67.1%
537.803 · Insurance	3,593.00	3,600.00	-7.00	99.8%
537.804 · Contractual-Administrative	13,500.00	27,000.00	-13,500.00	50.0%
537.805 · Contract-Repairs	1,117.21	5,000.00	-3,882.79	22.3%
537.806 · Contract-Audit Fees	0.00	2,050.00	-2,050.00	0.0%
537.850 · Telephone & Internet	440.53	1,200.00	-759.47	36.7%
537.900 · Printing & Publishing	369.80	500.00	-130.20	74.0%
537.920 · Utilities	31,738.74	32,000.00	-261.26	99.2%
537.940 · Office Rent	2,100.00	4,200.00	-2,100.00	50.0%
537.955 · Education, Dues & Subscriptions	758.64	900.00	-141.36	84.3%
537.956 · Computer Hardware & Software	1,748.00	2,000.00	-252.00	87.4%
537.957 · Permits & Fees	0.00	3,650.00	-3,650.00	0.0%
537.958 · Postage	68.00	1,200.00	-1,132.00	5.7%
537.959 · Miscellaneous Expense-O&M	0.00	150.00	-150.00	0.0%
<b>Total Expense</b>	<b>128,446.24</b>	<b>172,400.00</b>	<b>-43,953.76</b>	<b>74.5%</b>
<b>Net Ordinary Income</b>	<b>-44,517.21</b>	<b>0.00</b>	<b>-44,517.21</b>	<b>100.0%</b>
<b>Net Income</b>	<b>-44,517.21</b>	<b>0.00</b>	<b>-44,517.21</b>	<b>100.0%</b>