

Minutes of the Clay Township Regular Board Meeting Held Monday October 19, 2009 in the Clay Township Meeting Hall, 4710 Pointe Tremble Road, Clay Township, Michigan

Supervisor Jay DeBoyer opened the meeting at 7:30 p.m. with the Pledge of Allegiance

ROLL CALL

PRESENT: Supervisor Jay DeBoyer, Clerk Lisa White, Treasurer Connie Turner, Trustee Thomas Krueger, Trustee John Makuch, Trustee John Horvath, Trustee Joanne Shirkey

ABSENT: None

Citizens: 18

Supervisor DeBoyer opened the Aquatic Management Public Hearing at 7:33 p.m.

This is for the canal between Colony Drive and Aqua Isle Drive. Anyone wishing to comment on this petition may do so.

R. Dennis, 7771 Colony Dr: Never signed petition; don't know anything about it. If it works will be good and a benefit to boat owners.

DeBoyer: 71.07% of the residents signed the petition

J. Niebieszczanski, 7759 Colony Dr: Explained company and product to be used, will be done with safety and notice.

Makuch: Have done research. Chemicals attach to the weeds.

Supervisor DeBoyer closed the Public Hearing at 7:43 p.m.

BILLS PAYABLE

Motion by Turner, supported by Krueger, to pay the bills in the amount of \$185,807.76

Horvath: Discussed bills for trees, to come

Shirkey: Questioned Milpro Marine LLC miscellaneous item

DuPage: Repaired Zodiac

Shirkey: Harsens Island Fire, Michigan Fire Apparatus, miscellaneous repairs?

DeBoyer: There's also \$3,949 Mainland for the same.

DuPage: Engine 2, old engine on Mainland

Shirkey: Harsens Island Michigan Fire Apparatus?

DeBoyer: Will have to research and get back to you

ROLL CALL VOTE

AYES: Shirkey, White, Turner, Krueger, Makuch, Horvath, DeBoyer

NAYES: None

ABSENT: None

MOTION CARRIED

CONSENT AGENDA

Motion by Makuch, supported by Turner, to approve the Consent Agenda as submitted with the reading of the notices and communications

Shirkey: Questioned Building department issuing permits after the fact. Can we charge extra or a fee?

DeBoyer: Believe we can, generally try not to be hard nosed about it. It would be up to the Board.

Krueger: Thought there was a penalty

DeBoyer: Will discuss with Administrator

AYES: All

NAYES: None

MOTION CARRIED

Clerk White read the Halloween notice and the letter of appreciation to Assistant Fire Chief Jerry Doan from Millside Elementary School

UNFINISHED BUSINESS

None

PUBLIC COMMENTS RELATING TO ANY NEW BUSINESS

None

NEW BUSINESS

1. Plante & Moran Financial Report

Mark Hurst, Melissa Desmarais and Tom Burke - presented the Township's June 30th financial audit report from Plante & Moran.

Hurst: Been a very busy year for Clay Township. Have the audit & financial statement, a letter of comments to the Board, a graph presentation and then we will talk about the water fund. This has been a point of interest with the Board over the last 4 to 5 years as we noticed the cash balance has been depleting at an alarming rate. Board has taken some actions in recent years to improve that situation and we have a five-year projection.

Melissa Desmarais: Will start with draft financial statements. Waiting on one footnote item we're waiting on but will say if we had that number now we could issue the opinion and it would be unqualified. Next is the report to the Board of Trustees, which includes all of the required post-audit communications. Accrual adjustments; the Treasurer keeps the books and records on a cash basis, to prepare for the year-end audit we have separate staff members come out and assist the Treasurer with the year-end entries. The level of work has continued to decrease as the Treasurer has taken on more of that. Next, segregation of duties and secondary reviews. We look at controls to prevent and detect errors. In a Township of this size it's difficult to have the perfect segregation of duties so we encourage the Township to look for ways it can increase the review of work that is being done. The results of the audit letter, this to communicate the qualitative of the audit versus the quantitative. There were no issues to report. The graft information was reviewed.

Mark Hurst: Most communities are gearing up for some hardships. The decline in property tax are having a very significant impact, particularly on cities. We are anticipating cities will see as much as a 30% reduction in their property tax revenue. In the case of Clay Township you could be looking at \$100,000 decrease. But comparing that to some cities you can be thankful you are a Township resident. Another area is State shared revenue. There is the Constitutional piece based on sales tax dollars then Statutory piece, which is subject to annual appropriation at the state level. The Townships get very little statutory revenue, constitutional revenue is expected to go down about 4% as a result of declining sales tax dollars. Cities will also struggle with their post employment benefit obligation. Clay Township has put away in excess of \$800,000 towards your obligation, that is outstanding.

DeBoyer: In the sewer fund, it is more a depreciation issue to show the discrepancy between expense and revenue so we didn't have a cash position of spending more cash than we took in. Is that right?

Hurst: The graphs show an accrual based revenue and expenses, that does not account for cash in cash out. So the deprecation of the water and sewer lines is an expense that shows up but there is no cash outlay. There is a cash outlay for your principle debt payments, which does not show here. The sewer fund is cash flowing properly. It is the water fund where your debts have increased and as a result you see a notable reduction in the cash and investment balance in the water fund for the past 4 or 5 years. Noticed a decline in water fund and the Board has taken action to adjust the rates to preserve the water fund and make it fiscally stable. Reviewed the 5 years financial plan for the water fund. The water rates in Clay Township are about as low as we see. It means you are playing your margins very thin. These rate increases will keep the cash position of the water fund positive and in five years you will have a positive cash balance and start to grow that cash balance. It is necessary to have a reserve amount of cash in case you have a water system failure of any kind, it would be very expensive. The proposed increases are to raise your water supply system, that charge would go to \$22.00 per quarter effective January 1st. Also another \$2.00 increase every July 1st for the next four years. Large amount of that is to account for inflationary increases in your water costs. The quarterly debt service charge is recommended to go to \$25.00 effective January 1st. That increase will remain constant for the next five years, if you take on no additional debt. We also included the assumption that every year as the cost of water increases from Algonac the Township will pass along that inflationary increase, we are recommending a 4% increase to maintain your margins. For the end of 2010 you will have a decrease of \$235,000 in your cash balance, even with the increases. The following year it will be a \$123,000 the next year \$67,000 decrease and the next year a \$18,000 decrease. You would be left with an ending cash balance of just under \$300,000 and we can't recommend strongly enough that you should not take your cash balances down a further than that. In 2014 your have a turn around begin. In 2017 some of the debt payments you are

making that are causing this depletion will end. Another ends in 2021. You need to capture at least a few million dollars in cash reserves to be in an adequate position in your water fund. I would class these increases as minimal.

DeBoyer: I took the numbers you projected and for a family of four it amounts to a \$4.00 increase quarterly. We held it to a minimum. we do not want to go below zero.

Hurst: If you do nothing you would be out of cash in 18 months.

DeBoyer: The Water department superintendent Jon DeBoyer, did some calculations on the \$110,000 contribution from the sewer fund to the water fund. Everything is paid out of the water fund then the sewer fund reimburses. It has been at \$110,000 for years. Jon's calculations of the true expenses came to two hundred and thirty some thousand dollars, so we have been under funding for years. That helps this position.

Hurst: Been a dialog going on since January and an incredible amount of thought and deliberation has gone into determining what potential increases there should be and what the cash position should be. This is just a projection, and the job of the Board now to monitor this every year going forward. I'd like to thank the administration for the cooperation shown to us during audit and projection process, it's been very professional and appreciate how you interact with us.

DeBoyer: Thank you for the information.

2. Aquatic Management Resolution #2 to Prepare the Roll

Motion by Makuch, supported by Turner, to approve resolution #2 to approve the Special Assessment project and prepare the roll for the canal between Aqua Isle Drive and Colony Drive
ROLL CALL VOTE

AYES: Shirkey, White, Krueger, Turner, Makuch, DeBoyer, Horvath

NAYES: None

ABSENT: None

MOTION CARRIER

3. Aquatic Management Resolution #3 to Set the Public Hearing to Review the Roll

Motion by Makuch, supported by Shirkey, to approve resolution #3 to set the Public Hearing to review the roll on November 16, 2009 at 7:30 p.m.

ROLL CALL VOTE

AYES: White, DeBoyer, Turner, Makuch, Krueger, Horvath, Shirkey

NAYES: None

ABSENT: None

MOTION CARRIED

4. Fire Department Officer Position

Motion by Turner, supported by White, to approve Daniel Stringer as Sergeant to the Clay Township Fire Department

AYES: All

NAYES: None

MOTION CARRIED

5. Fire Department Request to Purchase Truck

DuPage: This is to replace the 1985 Ford F250, which is used for grass fires and pulling ranger or airboat. It is old and believe it's a good time to replace it. While the Mainland truck that was damaged is out for repair we were able to; through the insurance we were covered for up to \$10,000 for a rental, up to \$500 a day. I brought a truck from the Island over and the insurance company gave us a check for \$10,000 cause we capped that. Rather than renting a truck outside of the Township. Here we are expending the funds on our equipment. We have to do that because of the two special assessments, if we were already combined could have just moved it over, but being two special assessments, the equipment is supposed to be used there.

Turner: Basically you are taking the \$33,750 that Mainland owes Harsens Island for rental of the truck plus the \$10,000 that comes to almost \$44,000 and purchasing the truck.

Horvath: This is not going to cost the budget anything?

Krueger: You take \$30,000 out of your left hand pocket and put it in your right had pocket and then spend it. He's moving money around to purchase the truck and the net result is it costs the Township \$34,000.

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Horvath: I'm having a problem because all of a sudden we need a new truck and it's not in the budget. When did we decide we needed a new truck?

White: No, we knew we were going to need a truck and we weren't going to budget for it until the two big trucks were paid for this year. But when we saw the merger coming and with the money from the rental we thought get it now, this one is on its last legs and ice season is coming.

Horvath: Is this a two wheel or a four wheel?

DuPage: Four wheel.

Krueger: Have we, budgeted for it anywhere. This accident created a situation where the Mainland wasn't budgeted for the \$33,000, right?

DuPage: It will have to come out of Fund balance.

DeBoyer; It amounts to a decision we have to make based on this; do we want to spend the money now or later? We are in a positive of \$10,000 from the insurance, so it ends up around \$27,000. You could take the position we had to charge rental from Harsens Island to Mainland. The argument I would make is that the people who are in the Harsens Island Special Assessment district are the ones who purchased the truck and it was being used by the people in the Mainland district. It is not their obligation to provide Mainland with a fire truck. It has to be considered.

Horvath: It will be gone and not budgeted for.

Turner: We'll amend the budget.

DeBoyer: We have equipment to use in emergency situations, if we do not have equipment to move that equipment, I think we are making a mistake. But I do agree with the position it was not budgeted and is a bad practice.

Makuch: How long is this quote good for?

Shirkey: November 27th.

DeBoyer: Do we need a \$37,000 truck, maybe we do, but I have to ask that question.

Makuch: I have a few more questions.

Motion by Makuch, supported by Horvath, to postpone a decision until the next meeting

Shirkey: Is a set truck or are there things you just want?

DuPage: There are options.

Shirkey Are there some things that could be eliminated to bring the price down?

Makuch: Don't disagree with the truck; just some things want to look at.

AYES: 4

NAYES: 3

MOTION CARRIED

Krueger: At the end of the fiscal year the fund balance for the Mainland was \$445,000 so it isn't like we're scrimping to buy this.

6. Water Department Request to Purchase Meter Pit Covers

Motion by Makuch, supported by Turner, to approve the purchase of 25 W-3 Meter Pit covers at a cost of \$2,750.00 to come out of 591776.

AYES: All

NAYES: None

MOTION CARRIED

7. MTA Workshops

DeBoyer: This is an educational program. Early bird is \$89.00. Need to scrutinize dollars spent, need to look at it now.

Makuch: Much may be offered at conference in Grand Rapids

8. Principles of Governance

DeBoyer: Thought this is fitting and believe it would be a statement of the Board of our position.

Motion by Horvath, supported by Makuch, to adopt the Principles of Governance for Clay Township

AYES: All

NAYES: None

MOTION CARRIED

PUBLIC COMMENTS

M. Wejroch, 10430 St. John Dr: Concerns about construction equipment moored along the river

DeBoyer: Clay Township has no jurisdiction over the waterways, under the Coast Guard

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BOARD MEMBER COMMENTS

Shirkey: Information received from MTA workshop concerning money available to Townships, have to ask for it.

DeBoyer: Discussed at Town Meeting in Washington, D.C., money has not been appropriated yet

Shirkey: Comments on meeting on the island

Horvath: Talked to someone about recording, will get back to us. Comments on Butternut Ave case.

ADJOURNMENT

Motion by Makuch, supported by Shirkey, to adjourn the meeting at 9:10 p.m.

AYES: All

NAYES: None

MOTION CARRIED

Lisa M. White
Clay Township Clerk

Prepared by Dorothy DeBoyer
Deputy Clerk