

POWDERHORN AREA UTILITY DISTRICT
REGULAR MEETING - FEBRUARY 15, 2007
MINUTES

The PAUD Board met in regular session at 4:30 p.m. on February 15, 2007 at the Ironwood Township Hall, Ironwood, MI 49938. Notice of meeting was published in the *Daily Globe* newspaper.

CALL TO ORDER: The meeting was called to order by Chairman Estola, followed by the pledge of allegiance to the flag.

ROLL CALL: Present: Estola, Randall & Salmi
Absent: None

Also present: Chuck Lawson, project engineer; Tom Schneller, project general contractor; Mrs. Colleen Bucknell & Mrs. Nina Kleimola, Brian Cox, Mr. & Mrs. Earl Halverson and Bill McDonald, PAUD property owners.

MINUTES: Moved by Salmi and supported by Randall to accept and place on file the minutes of the January 18, 2007 regular meeting with a correction to "New Business" item B, which should read "supported by Randall". Motion carried.

OPERATING ACCOUNT CLAIMS: Moved by Estola and supported by Salmi to approve payment of the claims against the operating account in the amount of \$28515.14. Motion was unanimously carried upon a roll call vote.

COMMUNICATIONS: Moved by Randall and supported by Salmi to place the communications on file. Motion carried.

OLD BUSINESS:

A. Mrs. Bucknell and Mrs. Kleimola were present to outline the on going problems they are having with their wells damaged in August 2006, during construction of the new sanitary sewer system, by the project's general contractor's sub, Paschke Drilling & Blasting. Both property owners stated that there has been no progress in settling their claims. PAUD administrator stated that proper protocol was followed by the board in turning the claims over to the general contractor and that she was very dismayed at the lack of response in this matter and the length of time it has taken to resolve this matter. Administrator stated that if no action was taken by Snow Country Contracting within seven days, the PAUD Board should start legal action against the general contractor and the engineering firm. A letter written to Mr. Tom Schneller, owner of Snow Country Contracting, from Mr. James Bucknell, attorney and property owner of one of the affected wells, was reviewed by the board. Mr. Bucknell is threatening legal action if there is no speedy resolution to the well issue. The response letter from Mr. Schneller to Paschek Drilling was also reviewed.

Moved by Salmi and supported by Randall to instruct Mr. Lawson, project engineer, to send a letter to Mr. Schneller, project general contractor, directing him to either begin repairs or make remunerative settlements of damages to the claimants no later than

February 23, 2007 and to furnish PAUD with the settlement documents and signed waivers for all the claims.

Motion was unanimously carried upon a roll call vote.

B/C. While in the process of billing and collecting the first general mailing of the new sewer system user fees, the subject of just when the sewer was actually available in several areas of the system arose. Grinder pump stations required by several properties were not completed until December 18, 2006 and the sewer was not available for connection for two properties on Powderhorn Road until October 8, 2006. Administrator stated that she has spoken to several of the owners and most had paid their sewer fees but the checks are being held pending board action. Administrator suggested the customers be given the option of a refund or credit forward to the 1Q 2007 billing period. 4Q receivables will have to be adjusted accordingly.

Moved by Salmi and supported by Estola to authorize the administrator to respond the affected property owners and offer a refund or credit forward and to adjust the 4Q 2006 receivables accordingly.

Motion was unanimously carried upon a roll call vote.

NEW BUSINESS:

A. Moved by Randall and supported by Salmi to approve and authorize signatures on construction project partial pay request # 27 in the amount of \$39,185.36.

Motion was unanimously carried upon a roll call vote.

B. Letter from Tom & Sue Wiedemeier, owners of E6106 Shotgun Road, was reviewed by the board. Wiedemeiers are requesting to be exempted from the project due to the cost of connecting being over \$7,000. Their dwelling is situated on a lot consisting mainly of shallow rock which will probably require blasting to install the connection. After deliberation, the Board concluded that due to Michigan law, and this being a State mandated environmental remediation project, no properties will be exempted from connecting to the new sewer.

Moved by Estola and supported by Randall to confirm the mandatory connection of all properties where the new sanitary sewer comes within 200 feet of their property line.

Motion was unanimously carried upon a roll call vote.

C. Moved by Salmi and supported by Randall to ratify January 31, 2007 actions of the board in approving the payment of the pre-approved purchase of the work truck, Western snow plow, sprayed in bed liner and tool box using PAUD surplus funds in an amount not to exceed \$28,000. Faxed memo was approved by signature of the three board members.

Motion was unanimously carried upon a roll call vote.

D. 2007 budget amendment: Moved by Randall and supported by Salmi to amend the 2007 operating budget as follows: Transfer \$28,000.00 from surplus to increase "Revenue" to \$513,814; increase "Equipment" to \$43,000.00 and increase "Total Expenses" to \$513,814.00 to facilitate the work truck purchase. Motion was unanimously carried upon a roll call vote.

E. At this time Administrator Verbos informed the PAUD Board of her pending resignation as administrator. No formal letter was submitted. Verbos stated that the board needs to development a job description and prepare to advertise the position in April or May, 2007.

FINANCIAL REPORTS: Moved by Estola and supported by Salmi to place the financial reports on file. Motion carried.

PUBLIC COMMENT AND OTHER BUSINESS:
Mr. & Mrs. Halverson read a prepared statement regarding the affordability of the new sewer rates for full time residents versus commercial rentals. They requested the Board look at a rate in the future that is based on use.

PAUD Administrator requested and was given board approval to development a "poverty" exemption policy regarding the PAUD rates.

ADJOURNMENT: Moved by Randall & supported by Salmi to adjourn at 5:50 p.m. Motion carried.

Richard Estola, Chairman

G. Jean Verbos, Administrator