CITY OF REED CITY
SPECIAL COUNCIL PROCEEDINGS
June 20, 2022

Mayor Meinert called the meeting to order at 5:30 P.M. in Council Chambers, 227 E. Lincoln Avenue, Reed City, Michigan.

Present — Mayor, Roger Meinert. Council Members: Nate Bailey, Dan Burchett, Trevor Guiles, Brad Nixon and Nicole Woodside. Russ Nehmer was absent. City Attorney, David Porteous and City Manager, Rich Saladin, were also in attendance. Department Heads attending were, Rich Rehkopf, Jeffrey Stein and Barbara Westerburg. The meeting was opened with the pledge to the flag. There were citizens in the audience.

Public Hearing — Mayor Meinert opened the Public Hearing at 5:31 P.M. to receive public comments on the Proposed Water System Improvements Project.

City Manager, Rich Saladin: At this time I will turn it over to Scott Rasmussen from Fleis and VandenBrink and he can explain the project in more detail and scope and any alternatives:

Mayor Meinert: Before you start Scott, the conversation that you heard between Mr. Porteous and myself; included in the agenda is the Purpose and Need for the Project, and under Water Supply Item number 2 the last sentence says, as there is currently an isolation distance. Mr. Porteous believes the word no or limited should be inserted there.

Attorney Porteous: I think limited which is the language we have in paragraph 1.

Mayor Meinert: So in paragraph 1 under Water Supply, right at the top, number 2 a sentence that says, as there is currently an isolation distance, should say, there is currently limited isolation distance. Sorry Scott. Just so that you are all on the same page.

Councilman Guiles: That's the one over by Reed City Group?

Mayor Meinert: Yes.

Scott Rasmussen: I'm Scott Rasmussen with Fleis and VandenBrink. I appreciate the opportunity to put together a presentation and explanation of the proposed project. So a little bit about the format, what I'm going to run through here. I'll identify the water systems deficiencies or concerns or issues. I will walk through the goals of the project and the alternatives that are considered. The environmental or the potential environmental impacts and at that point I will be able to turn it back over to the City for addressing any public comments.

We have worked closely with the City here to put together water system issues and deficiencies. The Well #3 was installed in 1945 so it's 77 years old. It is at or beyond its projected useful life as recommended by the State of Michigan's EGLE which is the Department of Environment Great Lakes Energy. It has isolation concerns or limited isolation concerns with neighboring properties of Well #3. Well #4 was installed in 1958. That's 64 years of life, so at or exceeding it's useful life. Well #4 also has isolation concerns. Well #2A and Well #5 are the third and fourth wells in the system installed more recently, in 1990 and 1991. There are no known deficiencies with these two well.

When looking at the water distribution split off into two groups, one being service lines, which is between the water mains and the customer, and distributions that would go underground water main the larger pipe that would go across the City and across the system. Service line and preliminary materials, service; inventory indicates approximately up to 350 of these service lines are either galvanized once connected to lead, they are connected to lead or they could be suspected lead service or known lead service lines. Those are all categories that are defined by EGLE and recommended for replacement.

Distribution system also has some aged undersized water main that creates vulnerability in the low flow areas. There's one known hydrant that is malfunctioning. Currently the Wellhead Protection Plan is out of date. The City's GIS database doesn't contain all the City's water assets. That's the direction many municipalities are going to – everything in GIS.

Switching gears over to the storage tanks. The City has two elevated water tanks. Each 300,000 gallon tanks. The State looks at the total volume and also the total daily demand. The systems current demand and projected future demand, those demands exceed storage capacity. They like to see the average day demand not exceed the total accumulated storage of 600,000 gallons of water. And I think, as part of a routine tank inspection, there are some recommended repairs for the tank on 225th Avenue. More so miscellaneous or incidental repairs.

The goals of the project would be to address water supply reliability through well replacement or replacements. Improve distribution capacity, reliability, available flows, and increasing water quality by replacing aging and undersized infrastructure. Improve water distribution quality by replacing about 120 of the 350 identified service lines. And as a side bar, all the service lines - there is currently a program with the City to replace the service lines to identify and replace those service lines in accordance with the Lead and Copper rules by EGLE. This project would take care of a whole bunch of them right away. When those service lines can be replaced over time. By improving the system functionality by replacing the non-functioning hydrant and increase the efficiency of the operations and maintenance of the City staff by updating the GIS database.

The four alternatives that were considered. One would be no action. Two being a regional alternative. Three being optimization of existing facilities and four being the selected alternative. The no action is pretty straight forward. The City wouldn't do anything. The items that I just talked about would continue to be in aged disrepair state, increased o&m costs, and increased repairs. A loss of functionality eventually with wells. Basically expecting system failures if no action were taken being in a reactive state rather than proactive. Alternative two would be a regional alternative that would be hypothetically connecting to the nearest municipal supply of water. Which I believe is Big Rapids. That would eliminate the need for replacing wells. That would also put a lot of strain on the nearby system. It's 11½ miles away so that would need to have a transmission main installed. And that transmission main it's self is cost prohibitive. In theory would put a lot of strain and likely require upgrades on Big Rapids supply and their system to connect to it. Alternative number three would be optimization. That would be an overhaul of Well #4 replacement in lieu of the replacement and improvements of the water tank on 225th Avenue, replacement of approximately 1,400 feet of water main, replacing the identified lead service lines, replacing the hydrant and updating the GIS database. So essentially when looking at alternative number three and alternative number four, that well replacement is the primary difference. Either live with what the City has or the selected alternative which is alternative number four, being replacement of Well #4 and then those same items there. Replacement of 1,400 feet of water main on Todd Avenue, replace 120 of the 350 identified lines, replacement of the hydrant and updating the GIS database.

The total projected costs of the selected alternative is roughly 3.5 million. All of which would be requested from the State of Michigan, EGLE SRF which is the Drinking Water Revolving Fund. They like to break that down by the three categories of supply, distribution and storage. Supply being 1.3 million. Distribution 2.2 million and there would actually be no storage improvements. Requested funding would be for all of these activities. The estimated yearly debt of the selected alternative is about $134,000 which Reed City is considered disadvantaged so the term for that loan would be forty (40) years and it would work out to about a revenue increase that is required of about 20 – 25 percent increase in revenue to pay off that system debt. Now EGLE refers to many all grant dollars as principal forgiveness. Historically EGLE has been able to offer up to from zero up to fifty percent principal forgiveness. That would cut the required revenue increase by half about 13 percent revenue increase is required to support the project.

Rich Saladin: One note on that. Revenue increase – those numbers were factored prior to and based off of last years. So, prior to the price cost that we already put in place in November of 2021.

Scott Rasmussen: I assume some of those details will be ironed out if the City moves forward with this application with the project and recommend a municipal financial advisor. When the time comes to work through, that means through rates and rate structure and any adjustments.

Rich Saladin: One thing to note on this, we made these decisions, talking about these meetings Rich Rehkopf and I had in September and October with Mike Engles from the Michigan Rural Water Association, which triggered the water reliability study and those things in the process of going forward with this and we also talked about needed improvements. Everything on here was listed back in November. A new well. Basically we talked about two new wells in the scope of ten (10) years, watermain replacement on Higbee and watermain replacement on Franklin and taking a proactive approach to the solution. This proposal here is in line with the Drinking Water State Revolving Fund, we have already been scored if you recall. That was part of the process. I think we scored 11th out of like 143. This is basically now putting the final thing in there. The original one we talked about was close to 7 million dollars. We changed the scope based on financial information, discussion with Barb, what we could handle, what we couldn't handle and what would still keep us in the realm of disadvantaged community. All those different thing to try to be efficient as we possibly could with the dollars that it would cost to get the biggest bang for our dollars. So, again the proposal and we still have no obligation at this time.

Scott Rasmussen: That's right.

Rich Saladin: We're making this the submission. This will be the final application which is due next Friday. That's basically the scope of the project. But, you know we started this process since September, October of last year when it was identified that we had not made improvements to our system in some time and we need to be doing these different things and take a proactive approach.

Councilman Guiles: Now Rich, you mentioned replacing watermains in Higbee and Franklin. I'm not seeing that on the map. The only replacement I'm seeing on the map is Todd.

Rich Saladin: Oh, did I say Higbee? I meant Todd. I'm sorry. Todd and Franklin were the two.

Rich Rehkopf: From Higbee to Morse on Todd Avenue.

Councilman Guiles: So it's just the one.

Rich Saladin: But there is another watermain that will be in the future for us and that's on Franklin.

Scott Rasmussen: Some of those needed improvements, not all them are on the selected alternative. So we're able to find the highest priority, the most critical and include it as part of the selected alternative. The project plan, if you have a copy of the full project plan, really should be a twenty (20) year plan document really should be on there. The purpose of this public hearing would be to elaborate on some of them on the selected alternative. Some of the effected environment, environmental impacts, direct short term long term. Could be beneficial or adverse were reviewed. Once project plan and environmental assessment is performed, EGLE is still going to look at it so things might change and they ultimately dictate any other triggers that may be required for the project and it will make a little more sense when I dive into the categories we had to look at as part of the project. What we determined as part of the project is not impacted based on the project. Those are flood plains, wet lands, natural wild or scenic rivers, historical archeological tribal resources, costal resources, solid waste disposal, and the following we determined there was potential impacts, so one being farm land, local of importance, there are adjacent farm land that exists as well as farm land located in some of the potential well sites

which are highlighted in red on the map, for the most part the well sites are really small building 20 x 20 footprint and the automatic footprint of buried pipes below ground. So minimal beside the trench that is installed as part of the project is restored, the upgrade features similar to preexisting conditions. Biological resources could be impacted; the eastern rattle snake, the monarch butterfly, has potential impact however is unlikely. Air quality, potential for air borne dust. If it's a dusty day, crew know to water things down and suppress those air borne particles. Transportation, would be affected temporarily for local transportation due to the construction in the road right-of-way. So it will disrupt normal traffic flow. Noise, are temporary. There wouldn't be any long term besides permanent backup power on a new well. It would have been there before. This generator has actually exercised themselves during power outages automatically transfer over and fire up. Temporary impact of noise is construction equipment. As far as the project, there would not be any discrimination to the increase of water rates and the structure. So there's no picking and choosing how that rate structure could be impacted. That is all I have, so I'll turn it back over to the City unless you have any questions and also request any comments from the public.

Councilman Guiles: Now which of these potential well sites were you proposing.

Scott Rasmussen: So which of them, part of …

Councilman Guiles: No, just the red ones.

Scott Rasmussen: I would say maybe they are not equal candidates, advantages and disadvantages of both that would go into also part of the hydrogen ecological study and permitting process for installing a new well. The well site in the southwest corner has quiet a distance to connect to it. There is no water main infrastructure down there. Where if we hone in on a site that's closer to the City closer to the distribution system, those factors of costs are decreased.

Rich Saladin: It hasn't been identified yet exactly where it's going to be. The thing that works more is if to see if we can put one right next to the existing well on Business 10, right by South Park Homes. There is a well house building there where we could tap into it and utilize the same space. Rich Rehkopf has talked to EGLE about that but we haven't gotten an answer yet.

Councilman Guiles: Part of the reason I ask was, you said there won't be any wetlands disturbed or anything like that. One of these does cover wetlands. The one down by Three Mile Road just south of the High School. Right there by Three Mile is all wetlands.

Scott Rasmussen: Like I said the construction of it, we wouldn't typically be running any construction equipment through a wetland. Also we could drill underneath it if it is permeated like that but it could be factored it is not a liable site. We did a well site evaluation a little while back and it had a whole lot more identified sites to trade capacity for existing wells and we just tried to narrow it down to half a dozen in terms of this project plan.

Councilman Guiles: The ideal land would be out there by Business 10 by Well #5 or the site right off of just south of 10 going on the north side of that.

Mayor Meinert: If there are no further comments or questions, this hearing of the proposed Water System Improvements is now closed.

Councilperson Woodside: He has a question.

Scott Rasmussen: Could you officially ask if there are any public comments?

Mayor Meinert: I thought I just did. Are there any public comments for the public hearing of the proposed Water System Improvements Project?

Alright. This public hearing of the proposed Water Systems Improvements project in now closed. I will entertain a motion to adjourn.

City Clerks note: There were no written comments received.

The hearing was closed at 5:56 P.M.

Adjourn — Motion by Guiles, seconded by Woodside, **CARRIED,** to adjourn the meeting at 5:56 P.M. Affirmed by voice vote.

Jacalyn R. Beam, City Clerk