



# JOINT WATER/SEWER BOARD OF THE CITY OF BUCHANAN AND BUCHANAN TOWNSHIP

MONDAY, AUGUST 19, 2024 – 7:00 AM

CHAMBER OF BUCHANAN CITY HALL - 302 N REDBUD TRAIL, BUCHANAN MI

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## AGENDA

THE JOINT WATER SEWER BOARD OF THE CITY OF BUCHANAN AND BUCHANAN TOWNSHIP, in compliance with the Open Meetings Act, hereby gives notice of a regular meeting to be held in the Chamber of Buchanan City Hall.

\* Comments may be submitted in writing at least 72 hours in advance to the City Clerk at [clerk@cityofbuchanan.com](mailto:clerk@cityofbuchanan.com)

**I. Call to Order**

**II. Pledge of Allegiance**

**III. Roll Call**

**IV. Approve Agenda**

**V. Public Comment - Agenda Items Only**

**VI. Approve Minutes**

A. Consider approval of the Regular Meeting Minutes from May 6th, 2024.

**VII. Unfinished Business**

**VIII. New Business- City Manger, Timothy J Lynch**

**A. Water System Pre-Sanitary Study**

1) Cross Connection Control Program

2) Water Reliability Study

**B. Wastewater Asset Management Program**

**C. Drinking Water Asset Management (DWAM) Grant Update**

**D. Water & Wastewater Department Reports**

**IX. Public Comment - Non-Agenda Items Only**

**X. Adjournment**



# JOINT WATER/SEWER BOARD OF THE CITY OF BUCHANAN AND BUCHANAN TOWNSHIP

MONDAY, MAY 06, 2024 – 7:00 AM

CHAMBER OF BUCHANAN CITY HALL - 302 N REDBUD TRAIL, BUCHANAN MI

## MINUTES

### I. Call to Order

Gordon called the meeting to order at 7:00am.

### II. Pledge of Allegiance

### III. Roll Call

Present: Chairman & Buchanan Township Trustee, Thomas Gordon; City Representative Commissioner, Patrick Swem; Buchanan Township Supervisor, Mindy Cole-Crocker; Brian Murphy

Absent: City Representative Commissioner, Larry Money

City Staff: City Manager, Tim Lynch; City Clerk, Kalla Langston; Water Dept Operator in Charge, Craig Miller; Director of Public Works, Mike Baker; Michigan Rural Water Association Water Quality Action Specialist, John Holland

### IV. Approve Agenda

Motion made by Cole-Crocker, supported by Murphy, to approve the agenda as presented. Voice vote carries unanimously.

### V. Public Comment - Agenda Items Only

None.

### VI. Approve Minutes

A. Consider approving the JWSB Minutes from February 5th, 2024.

Motion made by Cole-Crocker, supported by Murphy to approve the minutes as presented. Voice vote carries unanimously.

### VII. Unfinished Business

#### A. Rate Study Discussion- John Holland, Michigan Rural Water Association

##### Financial Planning

- a) Goal: Regarding financial viability, ensure adequate revenues and establish predictable rates.
- b) Asset Management Plan (AMP) is required by PA 399 of the Safe Drinking Water Act, OR will be in your discharge permit at the Wastewater Plant. Reoccurring maintenance uses this fund. It can be offset by Repair, Replacement, and Improvement (RRI) funds (a USDA requirement).
- c) Capital Improvement Plans do not require funding. These are for projects to make the city better like upgrading sewer mains, typically funded by loans and grants.
  - The USDA rate is low at 2.37% right now. This can be offset by RRI funds, don't tap into those unless you need to. AWWA (American Water Works Association) recommend 2-12 months of unrestricted reserves. I recommend 6 months of operating funds.
- d) Summary: We need to understand the costs and conditions. Plan for the long-term repair of the components of our water & sewer system, coordinate streets, gas, and cable.

### Rate Analysis Process

- a) Add all expenses including 1) operation/maintenance/labor expenses, 2) the money you **need** to put aside for your Asset Management Plan, 3) any money you **want** to set aside for Capital Improvement Plan, and 4) your loan payments which based on 2023 audit were \$190,000 for water supply and \$310,000 for sewage principal payments.
- b) Find water heaters by size, each meter has a different residential equivalent unit (REU). A ¾” meter typically for homes is 1 REU. Others such as 1”, 2”, or 3” meters have more REU’s. Add all guaranteed monies - REU’s, water sold, and other operating revenues to offset the rates.
  - Things like late fees, buy-in fees, and tap-in fees we don’t use
- c) Then divide expenses. General ledger number 590 is sewer, 591 is water, and 592 is utilities. Buchanan records combined revenues under 592 but expends under 590 and 591. This goes against General Accounting Accepted Practices (GAAP). Discussion points;
  - Buchanan sells water and sewer services separately but charges one RTS fee. Usually there is a water RTS and a sewer RTS. Same with the interest and penalty charges, how much of those should be applied to water and how much to sewer.
  - Other operating revenue like wastewater leachate should offset sewer rates, not both rates.
  - You will see a depreciation line item in operating expenses. The depreciation number mandated by state to offset taxes can be removed because city doesn’t pay income taxes.
  - Operating expenses in the audit don’t include principal payments. True operating costs would tack on water & sewage costs, \$505,000 in payments, and your interest payments.

Moving Forward: Complete the rate study by the end of summer, ideally the end of August.

### **VIII. New Business**

- A. 2024-2025 Water & Sewer Budget Presentation**- *City Manager, Tim Lynch will present the 2024-2025 Water & Sewer Budget.*

\*See Attachment A. Water and Sewer Operating, Maintenance, and Capital Improvement Budget.

Positives: Systematic Rate Adjustments have provided a sustainable financial environment to improve our aging infrastructure as we will embark on a major project this summer. The Water & Sewer fund has \$3.5 million in investments, earning over \$150,000 a year in interest.

Challenges: Managing ever-increasing costs such as payroll, pension, insurance, utilities, and raw materials. In an environment of increasing regulatory mandates like lead service line replacement, PFAS testing, and storm water pollution management we need to budget and plan accordingly.

Budget Summary: Anticipated Revenue \$3,317,000 | Anticipated Expenses \$2,669,287 (*comparing current budget values to projected budget for next year*)

- Operating Revenue 9.6% increase
- Sewer Maintenance Expenses 10.6% increase
- Water Maintenance Expenses 7.3% increase
- Loans/Bonds Principal and Interest payments will be \$935,287. This should net \$647,713 for next year. Does not count USDA bond/loan payments for infrastructure project which we anticipate acceptance of this year.
- Capital Outlay (water & sewer small capital items to address this year) proposing \$155,000

#### REVENUES

- Somewhat conservative considering 8% water sewer rate increase as recommended by our bond council.
- Water Sales 21.7% increase

- RTS Charges 4.5% increase
- Water Sewer Charges 3% increase
- Interest Earned anticipating 3x more than last year
- Hydrant Rental 800% increase
- Total Revenue: \$289,000 increase 9.5% (projected this year \$3,299,386 budget \$3,027,500 we are \$270,000 over)

**SEWER & WASTEWATER EXPENSES**

- Salaries about 15% increase
- Fringe Benefits 7% increase (FICA taxes, pensions, insurances, health savings, workers comp, unemployment)
- Contractual – items separated into own accounts
- Utilities 6.7% increase
- Sludge Removal 122% increase
- Total Sewer Expenses: 10.6% increase

**WATER EXPENSES**

- Salaries \$2,000 under this year’s budget
- Finge Benefits to decrease 30%
- Salaries and Fringe Benefits ~65% of operating budget which is typical
- Meters/Hydrants/Fittings 4.2% increase
- Utilities 2% decrease
- System Maintenance (costs for lead service line replacement) budgeting for 20% increase
- Total Water Expenses: ~\$57,000 under proposed budget, 7.3% under this year’s budget

Motion made by Swem, supported by Cole-Crocker, to recommend adoption of the Water & Sewer 2024-25 Fiscal Budget as presented to the City Commission. Voice vote carries unanimously.

**B. Water/Wastewater Reports & Updates-** *City Manager, Tim Lynch will update the Board with Water & Wastewater Reports as well as any updates regarding projects.*

**Water Highlights**

- Production - fairly consistent levels, we’ve reduced water loss
- Water Quality – we’re well below residual regulatory limits

**Sewer Highlights**

- Plant Flow – we have some inflow and infiltration in our system
- Final Effluent – increased chemical application to clean up water we send to the river

**IX. Public Comment - Non-Agenda Items Only**

None.

**X. Adjournment**

Meeting adjourned at 8:09am.



July 29, 2024

Michigan EGLE  
Kalamazoo District Office,  
Water Resources Division  
7593 Adobe Road  
Kalamazoo, MI 49009-5025

**Subject: Buchanan WWTP  
NPDES Permit No. MI0022489  
Asset Management Plan – Written Report**

EGLE,

The purpose of this correspondence is to comply with the requirements set forth in Part I Section A.4b of the subject permit. This correspondence summarizes and provides information relating to Buchanan's Asset Management activities for the coming year and past fiscal year.

The attached documentation will exhibit and achieve the objectives of the Asset Management Program requirements as set forth by the Department and identified in the permit. Following is a description of how the Buchanan WWTP intends to comply with the program requirements and evidence of compliance during the last year.

**4b.1 Staffing levels:**

The Buchanan WWTP employs an adequate staff to carry out the operation, maintenance, repair and testing functions required to ensure compliance with the terms and conditions of the plant's NPDES permit. Two full-time employees perform the operation and maintenance duties under a Superintendent with appropriate licensing for the facility. Buchanan also retains contractors on a consistent basis to assist in the maintenance and repair of plant and collection system equipment. An adequate fund balance is maintained to allow for retaining such contractors.

**4b.2 Inspections and maintenance activities conducted and corrective actions taken during the previous year:**

The Buchanan WWTP implements and maintains a Computerized Maintenance Management System (CMMS) relating to the facility's extended aeration process. Scheduled maintenance activities such as greasing, flushing and lubrication functions are tracked and administered through the computerized maintenance management system. Such activities are scheduled on a daily, weekly, monthly, quarterly and annual basis.

**4b.3 Expenditures for collection system maintenance activities, treatment works maintenance activities, corrective actions, and capital improvement during the fiscal year.**

The Buchanan Wastewater and Sewer Department incurred total operating and maintenance expenditures of approximately \$821,844 (unaudited) during FY 2023-24. Capital expenditures totaled approximately \$165,000 (unaudited). Please note the fiscal year ending June 30, 2024 finances have yet to be finalized. Major capital improvements are scheduled in the coming year for water and sewer infrastructure projects totaling approximately \$17 million. Engineering expenditures for the sanitary sewer portion of the project were approximately \$75,000 in FY 2023-24.

Permit MI0022489  
Asset Management Plan  
City of Buchanan WWTP  
July 29, 2024  
Page 2

**4b.4 A summary of assets/areas identified for inspection/action (including capital improvements) in the upcoming year.**

The City of Buchanan will embark upon a \$17M infrastructure upgrade this year including replacement of the 18" interceptor influent sewer line to the Wastewater Treatment Plant. Also included in the work is a significant amount of water and sewer lines to be replaced in the downtown district and adjacent areas.

**4b.5 A maintenance budget and capital improvement budget for the upcoming year that takes into account implementation of an effective Asset Management Program that meets the five (5) core elements.**

The City of Buchanan's Water & Sewer Annual Operating, Maintenance and Capital Improvement Budget will be utilized to achieve this objective. The Budget is attached along with the City's 10-Year Capital Improvement Plan.

**4b.6 An updated asset inventory based upon original submission.**

Attached documents providing tabulations of the City's wastewater plant building and equipment assets along with critical sewer lines. Also attached is the Asset and Depreciation Schedule for FY 2023 relating to water and sewer assets.

**4b.7 An updated OM&R with updated rate schedule.**

The City's Water & Sewer Annual Operating, Maintenance and Capital Improvement Budget document is included with this report. The City's current rate schedule for FY 2024-25 is attached as well along with the Sewer System Cash Flow Analysis. In determining rate sufficiency, the City retained the services of Baker Tilly Municipal Advisors to assist. The evaluation considers capital improvement needs identified in the 10-year Capital Plan (attached).

The above entails the City of Buchanan's Wastewater / Sewer System Asset Management Report due August 1, 2024. If you should have any questions or comments, please contact me.

Sincerely,



Timothy J. Lynch  
City Manager and WWTP Superintendent