



Minutes

Capital Improvement Plan Meeting

Tuesday, May 12, 2020

7:00 P.M.

Dial-in number: (571) 317-3122

Access Code: 319-834-773

Pursuant to Executive Order No. 2020 – 75, the Village of Spring Lake will conduct its business via conference call to mitigate the spread of COVID-19.

1. Call to Order

President **Powers** called the meeting called to order at 7:03 p.m.

2. **Present:** Council Members – Duer, Hanks, Miller Petrus, TePastte and Powers Staff – Chris Burns (Village Manager), Wally Delamater (DPW Director), Marv Hinga (Clerk/Treasurer), Kyle Botbyl (Public Utilities & Streets Superintendent), Maryann Fonkert (Deputy Clerk).
Other Board Members – Darcy Dye (Parks & Rec), Lee Schuitema (Parks & Rec)

3. Capital Improvement Plan Discussion

Delamater shared several studies and plans that had been created and explained that planning was great, but without implementation, plans were a waste of money. **Delamater** shared the process he had gone through, working with the engineers, to set up a matrix, weighted it with questions by looking at every street and the projects that needed to be done, which were then rated numerically to prioritize. From there, because they could not take on all the highest priority projects at one time, they determined what priority areas could be combined to make smaller projects. **Delamater** said they gave the priority projects a time frame of 20 years, which was chosen because 20 years was the lead service line replacement schedule by the State.

Delamater shared the prioritized list of 20 project with an estimated total cost of \$24,225,000.00. **Hinga** explained that the 2 most likely loan options to fund these projects were either a USDA loan that could be repaid back over 40 years at 2.25% interest rate or the State had a Drinking Water Revolving fund and a Sanitary Sewer Revolving fund but those needed to be repaid in 20 years with the same 2.25% interest rate. **Hinga** reviewed the annual cost depending on amount borrowed, water/sewer budgeted revenues, revenue for debt services millage and estimated Village State Equalized Value (SEV). **Delamater** explained that for any of the bonds they decided to do, they would have to provide a forecast model of how it would be paid back. **Delamater** explained that there were a couple of things that he would like to budget for in the 20/21 fiscal year which were not necessarily projects, but since MDOT was going to resurface M-104 next year from Fruitport Road up over bridge this would be the best time to take care of some water service lines, primarily on the north side of the road, that used to go to buildings that were gone now and the services were shut off but the lines, some possibly older galvanized lines, were still connected to the mains and the best time to disconnect them would be before the resurfacing took place. **Burns** added

that, even though the list was prioritized, there had to be flexibility when other opportunities presented themselves so sometimes projects might get shifted up or down based on projects by others that they would need to take into consideration. **Delamater** said that these big-ticket items did not take away from maintenance that needed to be done and were also added to the forecast model to show costs.

Botbyl explained that the water meters had a life cycle of 10 to 15 years so all the meters would eventually need to be changed out to a new type that were more accurate and had a 20-year life cycle. **Delamater** said they were losing revenue because of the age of the current meters and part of their goal as water projects were done was to get rid of water pits and install the new meters inside, which was far cheaper and last longer. **Delamater** said they also wanted to upgrade to remote reading which was a much faster process of meter reading.

Duer asked for clarification on repayment if money was borrowed through the Revolving Water/Sewer fund. **Hinga** explained that the revolving loan would be paid back over 20 years and the annual payment went up to about \$65,00 per million and for that \$1,000,000, water/sewer rates would have to go up about 5%. **TePastte** asked if the rolling fund was like a line of credit where they could borrow only the amount they needed. **Hinga** said yes, he thought that was how it worked. **Powers** asked if there was a rough time frame for these projects. **Delamater** said that generally they were 3 to 4-month projects. **Council** discussed borrowing through bonding verses the revolving funds. **TePastte** said that it seemed that bonding would be less costly for the taxpayers. **Delamater** explained that with the forecasting availability of the model, they could plugin different scenario's and it would tell them what revenue needed to be, and once they received a green light, he and Botbyl would really put their effort into determining what could be fixed and what needed to be replaced, giving them a good infrastructure without wasting funds. **Powers** asked Council for their opinion on borrowing money to get started on this list of projects that had been pushed to the side. **Duer, Petrus, TePastte** agreed the projects needed to get started. **Council** discussed the DDA's position on helping fund projects. **Powers** asked for conformation from Council on starting with the fist 5 projects and receiving bonding. **Duer** said he agreed with that for a start. **Burns** suggested another community engagement to share the list of priorities and reason behind prioritization. **Hanks** agreed. **Miller** agreed that it was time to start moving forward. **Powers** asked if there was anyone that didn't feel they should move forward. There was no opposition. **Delamater** said they would get busy and he was sure they would be able to find cost savings. **Council** thanked Delamater, Hinga and Botbyl for putting the Capital Improvement Plan and presentation together. **Burns** shared that an infographic will go out to residents in June explaining the increases taking place starting in the July quarter and a late fall timeframe for the Community Engagement.

- 4. Adjournment:** There being no further business to discuss, the meeting adjourned at 8:23 p.m.

Mark Powers, Village President

Maryann Fonkert, Deputy Clerk