



## KAREGNONDI WATER AUTHORITY

**Public Board Meeting  
Worth Township Hall  
6903 South Lakeshore Drive  
Lexington, MI 48450  
(810) 732-7870**

### **MINUTES OF MEETING May 16, 2012, at 2 p.m.**

Meeting Convened 2:07 p.m.

The Pledge of Allegiance was recited.

Invocation was given by Greg Alexander.

#### **Roll Call** –

##### **All Members Present:**

Dayne Walling, Greg Alexander, Jamie Curtis, John Freeman, Dale Kerbyson

##### **Also Present:**

Jeff Wright, CEO; Kevin Kilby, Corporation Counsel

##### **Minutes:**

- ❖ Motion for Approval of April 18, 2012 Minutes by *Dale Kerbyson (Correction of March 28, 2012 Minutes to reflect Dale Kerbyson requesting copy of Map of Site)*; Supported by *John Freeman*; No Discussion; Voice Vote – Motion Pass Unanimously

**Reports:** None

##### **Communication:**

- ❖ Communication was received from Hazen and Sawyer expressing an interest in being considered for part of the project. The firm is included with the rest of engineering companies that have applied. The goal is to utilize local firms, contractors, and workers to work on the pipeline.
- ❖ KWA received correspondence from Senator Gleason and Senator Pavlov supporting the project. The endorsements are appreciated.

**Consent Agenda:** None.

##### **Public Comment – Agenda Items Only:**

- ❖ Phil Essenmacher, Worth Township Supervisor, welcomed all to the township and expressed gratitude for all present to support the meeting.

**Old Business:** Resolution No. 2012-01 was first considered at the April 18 KWA meeting and tabled to this meeting. CEO Wright indicated that the resolution allows for the sale of water to the individual entities, governments, power companies, etc. The discussion continued with Corporation Counsel Kilby indicating that the resolution, in a general sense, is a Section 10 contract that allows for the providing of raw water only.

- ❖ Motion to Pull Resolution No. 2012-01 off the Table to be Brought before the Board and Considered for Adoption by *Greg Alexander*; supported by *Dale Kerbyson*; Voice Vote – Motion Passed Unanimously.

Trustee Dale Kerbyson inquired of Counsel Kilby as to whether or not a unanimous decision of the corporate board would be needed to approve a purchaser of water. Counsel Kilby will be reviewing the Articles of Incorporation and Bylaws and providing an opinion. He stated the purchase does need to come before the Board, however, he is not sure if approval needs to be a simple majority or unanimous vote. Trustee Kerbyson indicated if it needed to be a unanimous vote, then it should be so stated in the Contract. Attorney Kilby indicated the resolution allows for the CEO and the attorney to make minor modifications to the Contract language as long as it does not diminish the authority of the KWA. This change would just be a clarification for the buyer as to how many votes of the Board would be needed.

- ❖ Motion to Adopt Resolution No. 2012-01 by *Greg Alexander*; supported by *Dale Kerbyson*; A friendly amendment was offered by *Jamie Curtis*; supported by *Dayne Walling*; Voice Vote – Motion Passed Unanimously.

**New Business:** None

**Second Public Comment:**

- ❖ *Larry Bourgeois, Worth Township* – Thanked CEO Wright for mentioning that the Board will try to employ people from around the area for the construction of pipeline, thereby keeping the money in the surrounding areas.
- ❖ *Larry Kraft* – Stated the original purchase of property was for 236-1/2 acres. The Planning Commission recently provided a split off of 40 acres. He inquired as to what would be done with the balance of the acreage, also indicating that he would like to have a picture or at least a footprint of what the property would be used for.
- ❖ *Nancy ???* – Inquired as to who would be responsible for maintaining any facility that is placed on the property.
- ❖ *Ron Rostoni* – Stated the original drawing called for an 8 foot tunnel into the lake. He inquired as to whether that had been changed.
- ❖ *Phil Essenmacher*
  - Indicated a question had been raised at the Township meeting regarding a land use permit, and the fact that as of yet one has not been turned into the Township to actually apply for the use of the land.
  - Citizens are concerned about Fisher Road being tore up and not put back into the same condition as it was preconstruction.
  - Inquired as to any kind of noise that would be heard as the water moved through the tunnel. Would there be certain decibel levels that neighbors would be able to hear?
  - Indicated he would like the design of any building to match the aesthetics of the surrounding area.
  - Commented that he would like to see the design possibly including a tee for Worth Township to hook up to raw water at a later date, as the need is not there at the present, but would like it to be considered at the very beginning of the final design of the project.
  - Indicated that as there is no township park per se, the township possibly be granted an easement or some sort of an agreement so that the citizens of Worth Township could use the property.
  - Inquired as to the required minimum amount of gallons purchased to become a customer.
  - Inquired about the design being incorporated so as to not suck in fish, people swimming, boats, etc.
- ❖ *Joe Schmidt* – Inquired as to when the water would become potable; where the treatment facility was going to be located; would it be on the shores of Holloway Reservoir; what would happen to Detroit Edison's water supply; would that remain as a backup?
- ❖ *Jack Wiley, Worth Township Trustee* – Reminded the Board of when the Detroit water tunnel was built and a natural gas pocket was hit, killing 22 people. He wondered if there would be any special training to prevent this sort of incident from occurring.

Second Public Comment Period Closed.

**Board Comment:**

- ❖ *CEO Jeff Wright* – Thanked everyone for their questions. Most of the questions could be answered - some were in the process of still being looked at. At this point he indicated he would endeavor to respond to each question.
  - CEO Wright pointed out that all of the survey work has been done by a local surveyor by the name of Muxlow.
  - CEO Wright provided a history of the site. Initially Detroit Edison owned the 720 acre site that went up for auction in 2001. The Genesee County Board of Commissioners decided in 2001 the purchase of the property was a way to be independent and to control the future of water, so Genesee County went to auction and ended up with 230 acres. At that time it was decided that a water treatment plant and pumping station would be built on the site so treated water could be sent across the State of Michigan to Flint, which was why the additional acreage was purchased. Later on, KWA determined that the best way for the people of Flint, Genesee County, Sanilac and Lapeer City and County to have control would be to supply each community with raw water, and each community would decide how they wanted to treat the raw water and distribute it to their customers. The needed acreage was reduced to 40 in order to have a big enough parcel to just build a

- pumping station to pump the raw water. CEO Wright continued on saying that he does not know what the County's future plans were for the additional acreage. The pumping station would be small, and any visibility would accommodate the surrounding area in aesthetics. However, the goal is to keep the building hidden as much as possible.
- CEO Wright indicated that the pipe would be 78" internal diameter, and 90" external diameter. The pipe would be approximately 50 feet underground, and no water would be heard going through that pipe. Seventy percent of the pump station is underground. Because the station will be 50 feet underground, the only noise coming from the facility would be similar to the of an air conditioning and heating unit in a residential home.
  - CEO Wright addressed the issue of applying for a land use permit. He stated that whatever land use permits Worth Township require, it would be applied for. CEO Wright did indicate that Michigan law does not require special land use permits when it comes to wastewater treatment plants, water treatment plants, road construction projects, as these are considered projects that are done for the public good. However, a permit would be applied for so everyone would have the opportunity to be clear on what is being done and would have the opportunity to submit input.
  - CEO Wright stated the vast majority of this pipeline is to go down the right-of-way on Fisher Road, indicating a commitment to honor the fact that the road will be put back in as good or better condition than it was. Contact has been made with the road commission representation from Sanilac and Lapeer County and discussion has been had about instances of upgrading the road. Another improvement that is sometimes made is improving the ditching along the road. The proper sand backfill and cap with either gravel or crushed limestone will be used, and the roads will be tested. Also, the plan is to place hydrants or water stations for fire departments along the whole route. This will improve fire suppression capabilities, and it will do a lot to lower insurance rates for the homeowners because now they are guaranteed a supply of water. CEO Wright invited the community to come and view a project completed in Genesee County, wherein 22 miles of water pipeline was put down the road right-of-ways, very similar to this project, and the inability to determine where construction even occurred.
  - CEO Wright indicated that there are five members of the original incorporating body and although it is appreciated that Worth Township or any other township would like to be a customer to the system, this would have to go through the parent county. So as far as creating a "connection ready" for Worth Township down the road, that request would have to go through Drain Commissioner Greg Alexander. The Authority requires that the drain commissioner, mayor, or city manager from each county fill the Board position, creating the parent county.
  - Although the ownership of the property is split between Genesee County and the Water Authority, CEO Wright would agree that the idea of using the excess property as a passive park should be considered. However, permanent structures could not be placed on that portion of the property nor could large trucks traverse the area. Final decision will be made by Genesee County Board.
  - CEO Wright indicated that any treatment plants would be built and designed the way each community decided. They would not be operated by the Authority, but operated by the local units who purchase the raw water. Part of the reason for bringing raw water from the lake all of the way across is multiple because raw water is good for production, agricultural uses, food production, and green technology. The Authority will be able to provide high quality water at a very low price which will in turn encourage industries to relocate to this area or expand their existing industry.
  - The existing Detroit pipeline has just about reached its life expectancy but does have some value. There has been some discussion with Detroit about purchasing a portion of the pipeline from Imlay City to Flint as a backup to the new system. It could be utilized in an emergency for a short period of time if needed. If Detroit doesn't agree to sell, at some point the pipeline would need to be rebuilt. A backup for this project would then be built at the same time as the primary pipeline.
  - CEO Wright responded that the County of Genesee and the KWA would maintain the lake front property. Trees would be planted and barriers would be put up. If it does become a park in Worth Township, then Worth Township may have to maintain the site. That would become part of negotiations. Currently if there is any inappropriate activity on the owned site, CEO Wright encourages the community to let him know.
  - Detroit Edison has indicated that they are currently just purchasing treated water from Detroit to be used for cooling. They would possibly be interested in buying water from the Authority because it would be so much cheaper to purchase raw water than treated water just for cooling.

- CEO Wright responded to an inquiry as to KWA being privately owned. He indicated that it is not nor will ever be privately owned. It is a government authority made up of five communities under Public Act 233, which will be owned and operated by core communities. It will not be sold to a private sector. The private sector requires profit to make it a viable operation. Water will be sold at cost, therefore no profit will be made.
  - CEO Wright responded to the Detroit tunnel accident indicating that there is always the possibility of injury on these types of projects. However, the Detroit tunnel was much deeper in the shale bedrock, but the Karegnondi Water Authority project is not as deep and is in the clay area which typically does not hold natural gas. Detroit's tunnel was 20 foot in diameter. This project is less than half of that. Soil testing is being done right now to determine what is underground, and will be incorporated in the design to make it as safe as possible for current technology. John O'Brien further indicated that the project would use unmanned micro-tunnel machines so the majority of the work is done by a robotic tunnel machine. Once the pipe is at about 4 or 5 feet of depth underwater, the tunneling would then convert to open cut with a barge, basically following the bottom of the lake. CEO Wright indicated that this requires an Army Corp of Engineers and MDEQ permit which are already being worked on.
  - CEO Wright responded to the question posed as to how many gallons would be required to be considered a customer. He indicated the water is sold by units. A unit equals one million gallons per day. The minimum that would be sold is 1/10 of a unit, which is 100,000 gallons per day.
  - CEO Wright indicated that the intake does occasionally suck up fish, however, the cribs are designed to a velocity of less than two feet per second due to ice on Lake Huron. The fish if captured would be able to swim out of the intake, however, the intake will have to be periodically cleaned off due to zebra mussel buildup.
  - CEO Wright concluded by offering that even though there is water withdrawal from Lake Huron, every drop of water that is taken out of the lake is recycled, treated to a very high stake at existing wastewater treatment plants, which is discharged to the Flint River, which goes to the Saginaw Bay, which then goes back into Lake Huron. There is no net loss of water.
- ❖ *Trustee Jamie Curtis* – Thanked Worth Township and indicated to the public that CEO Wright has a stellar record, and indicated that the public could believe that the land would be maintained and kept as natural as it is in its present state.
  - ❖ *Trustee John Freeman* - Indicated that as a member of the Board and as a neighbor, he, too, is interested in the finished product, and reiterated his confidence that a very good project will be delivered the way it should be and closely monitored.
  - ❖ *Trustee Dale Kerbyson* – Thanked Worth Township. He stated he believes the finished product will be important and something to be proud of. The main reason for the project is all about the economy, improving jobs, and improving each and every county connected with this water project. Trustee Kerbyson reiterated that the Board is going to work with local people and is very interested in improving the economics in all of our communities.
  - ❖ *Trustee Greg Alexander* – Thanked Worth Township for their hospitality. He stated that although Sanilac County's needs are not all that definite right now, he is looking at the future and the opportunities available to Sanilac County being on the Board. He stated it is extremely unique that raw water is an option because high dollars will not need to be paid for the finished product, leaving it open for fire departments to use it for public safety; farmers to use raw water for irrigation; and with the I-69 corridor and railways being nearby, this also could be conducive to a food company deciding to bring a food processing plant to the area in the future.
  - ❖ *Chairman Walling* – Thanked Worth Township for their hospitality and the discussions held. Chairman Walling reminded that the KWA meets every month and will continue to hold open meetings. He believes the raw water pipeline can make each community a truly global competitive economic region and can bring positive benefits to the diverse communities. Over the next few months, communities will be making their own decision about the amount of water it would care to contract with the KWA and that will ultimately affect the makeup of this body which will grow over time from the initial incorporates to the representatives of each partner community. He stressed the important difference as to how Detroit is operated where rates get approved by the Detroit City Council for all of the partners that have a contract with that body. The KWA is more of a cooperative approach where there's permanent representation from the five incorporators and proportional representation for the communities that contract with the KWA. The City of Flint will continue to participate and will be making their own individual decision as to the amount of water that will be contracted for and how the assets they have with the water treatment plant and the Flint River can be incorporated

into their needs. Chairman Walling stated he believes the region will have a very strong, very secure way to meet its water needs and multiple backups will be built into the system. This will be more important to companies in deciding where they want to locate – not just for a cheap low cost environment for 5 to 10 years – but where they can find a permanent home to grow and prosper over 50 to 100 years. Chairman Walling believes this region will become very attractive to a whole different type of varieties from food processing to expanded agriculture, alternative energy, and high technology companies that need our resources.

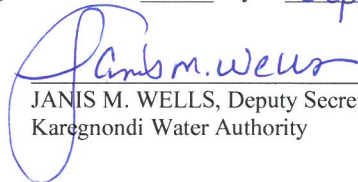
- Meeting Adjourned 3:20 p.m. -

**MEETING MINTUES DECLARED ADOPTED.**

STATE OF MICHIGAN     )  
  ) ss:  
COUNTY OF GENESEE    )

I, Janis M. Wells, Deputy Secretary of the Karegnondi Water Authority Board, do hereby certify the foregoing is a true and complete copy of the Minutes of Meeting on May 16, 2012, adopted by the Karegnondi Water Authority Board, acting in Genesee County, at a meeting held on September 19, 2012, and that public notice of said meeting was given pursuant to Act 267 of the Michigan Public Acts of 1976, as amended, including in the case of a special or rescheduled meeting, notice by publication or posting at least eighteen (18) hours prior to the time set for the meeting.

IN WITNESS WHEREOF, I have affixed my official signature on this 19<sup>th</sup> day of September, 2012.

  
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JANIS M. WELLS, Deputy Secretary  
Karegnondi Water Authority