I. CALL TO ORDER

The regular meeting preceded the Annual meeting.

II. ROLL CALL

Board Members Present: Barb Von Voigtlander, Phil Loud, Bob Featherly and Gary Fredrickson
Staff Present: Joni Scott, Chris Holton,
Mark Huggard (OMI)
Public Present: Campbell Mcleod, Mike Sinclair, David Canfield, George Twine, William Harper, Rachel Dean, Greg King, Mike and Becky Dujanowicz

III. APPROVAL OF BOARD MEETING MINUTES

The January 17, 2017 regular meeting minutes were accepted as presented.

IV. TREASURER'S REPORT

The Treasurers report was accepted as presented.

V. PUBLIC COMMENT

Greg King- Board members need to make decisions without emotions.
Campbell Mcleod- promotion of workforce housing, should be included in REU schedule.
George Twine- The need for workforce housing, the decision to increase Mr. Harpers property seems "heavy handed" and unreasonable.
Mike Dujanowicz- Local governments will determine the growth of the community.
VI. PAYMENT OF BILLS

Phil Loud Moved, Supported by Bob Featherly to approve the bills to be paid for the month of February in the amount of $43,337.93
Roll Call Vote Yeas (4) Nays (0) Absent (0) Motion Approved.

Phil Loud Moved, Supported by Bob Featherly to approve the bills to be paid for the month of March in the amount of $55,032.97.
Roll Call Vote Yeas (4) Nays (0) Absent (0) Motion Approved.

Phil Loud Moved, Supported by Bob Featherly to approve the bills to be paid for the month of April in the amount of $22,591.56.
Roll Call Vote Yeas (4) Nays (0) Absent (0) Motion Approved.

VII. STAFF REPORTS

A. Superintendent’s Report

Superintendent Chris Holton reported that he had ordered 3 new grinder pump packages, one control panel and three grinder pump lids for inventory. Holton also said that he had received receipts from Tuckers for grease removal in the fall of 2016.

B. Treasurer/Clerk Report

Joni Scott provided a financial report for the months of February, March and April. Scott also reported that the delinquent accounts currently totaled $14,686.89.

New Connections:
Scott reported one new connection on Dawn Haven Rd.

C. Treatment Plant Operator Report

Mark Huggard submitted and reviewed a written report for the treatment plant activities for the month of March.

Effluent Flow Meter:
Huggard reported that Topline is coming back to the WWTP to install a larger conduit. Holton reported that Kal Excavating is scheduled for the first or second week in May to complete the excavation work for the effluent meter.

VIII. COMMITTEE REPORTS
IX. CORRESPONDENCE

David Brigham-Sewer deficit, legal action.

X. DISCUSSION & ACTION ITEMS

A. REU SCHEDULE; RECOMMENDATION FOR AMENDMENTS:

Phil Loud Moved, Supported by Gary Fredrickson to recommend an adjustment to the REU schedule to the Village and Township as follows:
To now read: (A business with an Apartment) deleting the wording (UP or Down) on the schedule.
Roll Call Vote Yeas (4) Nays (0) Absent (0) Motion Approved.

B. WILL HARPER APPEAL

William Harper opened by thanking the Board for their service and hearing his appeal. Harper stated the preamble to ordinance 96. Harper stated that the Board needs to insure that they are charging equitable distribution when charging more than one REU. Harper suggested that the sewer Board should consider short term rentals (STRs) a business. Harper said that Northport is at a turning point with bars and store fronts that will not open this year. Harper said that the REU schedule is limiting housing, and that businesses are hurting for staff.

Harper stated that there were 5 other properties that should be charged as a business with an apartment (Joppich, Pier Wright, Chrobak, Rantz and Deeps Corner Store). Harper said that the process terrifies business owners.

Harper said that labeling his property as a Single Family Modified is an attempt to "stick a square peg in a round hole". Harper offered a formula to determine actual sewer use, based off of metered water usage. Harper based his formula off of 60,000 gallons annually would be equivalent to 1 REU.

Harper asked the Board to reverse the additional capacity fee, because he was unaware of the charges.

Phil Loud Moved, Supported by Bob Featherly to deny Mr. Harper’s appeal on all three counts.
Discussion: Clerk Scott provided the Board with a history on Mr. Harper’s property as follows:

2008-
In 2008 this property was owned by Terrance and Nancy Lunn and originally assessed 1.6 REUs for a restaurant with 20 seats.

2012-
April 3, 2012-Terry and Nancy Lunn applied for a Special Use permit requesting the property be classified as a single family residence that would be used as a short term rental.

April 17, 2012- NLTUA Board approved Lunn’s request to reduce their REUs from 1.6 to 1 REU for a Single Family residence.

April 18, 2012 The Planning Commission reviewed the site plan and approved the Special Use permit for Terry and Nancy Lunn.

Zoning Administrator, Greg King Stated in Section 17.01 “This entire existing structure would be used for a single family residence and it would be for a Short Term Rental.”

2016-
October 18, 2016- The NLTUA Board approved the audit committee’s recommendation to increase Mr. Harper’s property from 1 REU to 1.5 REUs for a Business with an apartment.

Clerk Scott also stated that Mr. Harper had identified 5 properties with a similar use: Joppich, Pier Wright and Chrobak. In 2011 the NLTUA Audit committee identified and made the recommendation to approve REU changes from 1 to 1.5 to the following properties; Joppich, Pier Wright and Chrobak.

In October 18, 2011 the NLTUA Board approved the audit committee recommendations

In December 13, 2011 the NLTUA approved the appeals of these properties.

Phil Loud stated:

1. The process by which the Audit Committee of the NLTUA recommended to the NLTUA Board the REU re-classification of the Harper property was performed properly and pursuant to the established practices of this Board. The practice of reviewing the status of changing uses throughout the sewer district on an annual basis is entirely driven by convenience. The Audit committee could meet as often as necessary and the Board has the authority to change an individual customer's classification, if warranted at any time. The fact that this has happened only annually has afforded some users, such as Mr. Harper, to operate their property at would be a higher level of REU classification for at least a year prior to being
reclassified, without cost or penalty.

2. It is not the responsibility of this board to monitor the activities of each customer of the sewer system in an attempt to anticipate on their behalf the consequences of their actions which may result in changes to their fiduciary responsibility to the Utility system. It is, however incumbent upon owners of properties within the system to investigate with the Village, Township or Authority, on their own behalf, the legal requirements and encumbrances that will be associated with any change in use of their properties. Other customers of the NLTUA system have appropriately alerted the Administrator as to their proposed changes of use in order to properly allow the Board to re-classify their system. Not only did Mr. Harper not do this he apparently never obtained the proper special land use permit necessary to change his property from its residential property designation upon purchase to a business and associated apartment as he is required to do pursuant to the Village ordinance 13.03, paragraph 7.

3. The determination that the Harper property represented a change in use and required a re-classification was appropriate, and the owner was notified as soon as practical after the recommendation of the Audit Committee was approved by the NLTUA Board. To have done so prior to that would have been premature. Unfortunately the specific language of the ordinance and associated REU schedule, though correct in intent, was deemed “ambiguous”, i.e. having more than one possible meaning, by the Authority counsel. By being deemed “ambiguous”, it is important to note that that does not imply by definition of the word, that it was wrong or in error. Just potentially confusing for some people. Regardless of which REU classification was applied, it is clear that the usage of the property was a business with an apartment. The argument that the REU schedule only addresses business with apartments “above or below”, is a matter of simple semantics, and does not preclude the necessity to reclassify the property properly, from the point of notification on November 7, 2017.

4. The withdrawal of the original November 7, 2016 letter notification to Mr. Harper of the official re-classification of his property could be construed as implying that the new REU assessment increase has as well been withdrawn. However that was far from the situation as conveyed at the time to Mr. Harper. It simply meant that on the advice of counsel a refinement of the classification wording was necessary, but in no means did it suggest that the requirement to be assessed 1.5 REU going forward was to be waived.

5. As noted by Mr. Harper himself, the interpretation as to whether his business with an apartment was appropriately re-classified within the definition as established in the existing REU schedule at the time, was a matter of semantics and in the opinion of this board continued to stand despite being labeled ambiguous.

6. By action taken previously in this meeting the wording of the REU classification for Businesses with apartments has been refined, resulting in no change to the original intent of the classification.

7. The classification of the Harper property as “single family residence modified + apartment”, was supported by both the Bond Attorney for the Authority and the Board Attorney at the time.

8. It is also very clear that the existing properties that have been assessed 1.0 REU for the past many years which are indeed single family residences with businesses effectively operating out of their unmodified houses are appropriately classified pursuant to previous NLTUA Board action taken, as summarized at the onset of this discussion.
9. Finally, we all agree that it would be advantageous to find a solution to the ongoing problem of affordable housing for seasonal employees, as well as longer term housing for young families, and seniors. However in contrast to the statements made in MR. Harpers Appeal, any action by this Board to reduce the assessment to properties that have additional individual apartments, or the purpose of providing effectively subsidized housing, is clearly outside of the authority of this Board. In addition it would not only violate the inherent financial responsibility of this Board to the Village of Northport and Leelanau Township, to ensure the payments towards the debt service but would be irresponsible. It is exclusively the responsibility of the Northport Village Council or the Leelanau Township board to identify mechanisms, through zoning or ordinance modifications, for the purpose of creating opportunities for the reduction in costs associated with providing for workforce housing and the like.

Fredrickson said that rental properties should possibly be identified differently on the REU schedule in the future.

Bob Featherly said that the Board is acting responsible by making a decision that will retire the debt and service the treatment plant.

Clerk Scott stated that the Village and Township could potentially operate off of different REU schedules.

Roll Call Vote Yeas (4) Nays (0) Absent (0) Motion Approved.

VIII. PUBLIC COMMENT

William Harper- 2011 REU appeals, Capacity use

Mike Sinclair- Retroactive charges, better explanation for denying Mr. Harper’s appeal.

Ty Haverberg- Annual Audit of REUs

David Canfield- Metering, Deficit for the Township and Village.

IX. MEMBER COMMENTS

None

X. ADJOURNMENT

Phil Loud Moved Supported by Bob Featherly, to adjourn the meeting at 8:30 pm. Motion Approved.

The next Authority regular meeting will be held on July 18, 2017, in the Village meeting room at 9:30 am.

Joni L. Scott, Treasurer