

**FRANKLIN KNOLLS HOMEOWNER'S ASSOCIATION, INC.**  
Minutes of the Special General Meeting

Date: Thursday, May12, 2022

Place: Warner Middle School

Attendance:

See attached resident check in document.

Guest Speaker: Tiffany Yusko-Kotimko from EGLE

Board Members:

Milt Levine	President
Brent Slater	Vice President
Scott Wood	Treasurer
Sandy Ashcroft	Secretary
Drew Espenshade	Member at Large
Mary Williams	Member at Large

Meeting was called to order by Milt Levine at 7:08 PM.

Milt welcomed our guest Tiffany Yusko-Kotimko. Board Members present Introduced themselves.

Sandy outlined the agenda for tonight's meeting. She said that the main focus of the meeting is our current well based system. Sandy went through slide show & read speaker notes.

1. Overview of City Proposal

- a. City's proposal is to provide new water main lines within our subdivision. Their documentation says cost for that will be around \$30,000.
- b. Water main lines will be at the street. Each homeowner will be responsible for connecting from the street to their home. Homeowner will pay whatever the additional fees associated with that are.
- c. If subdivision approves conversion, a SAD (Special Assessment District) will be created for the homes within Franklin Knolls.
- d. There are already water main lines along 14 Mile and Middlebelt, so those homes are not part of the assessment.
- e. Legal Costs to HOA
  - Agreement with Briarcliff to provide backup to their water system, and theirs to ours, will need to be terminated.
  - Our bylaws will need to be revised to reflect the switch from a private community well system to the City's public water system.
  - Any additional agreement that needs to be addressed once the City Attorney has performed a detailed review of our existing documents.
  - See city's documentation for more details.
- f. If we convert to city water, there will be additional costs to the HOA.

- Our current wells will have to be shut down.
  - We will need to decide what is to be done with the pump house and equipment.
  - Ideally we will be able to sell the generator.
2. Well Based System - Overview
    - a. Our current system is almost 70 years old.
    - b. We have two wells; one is from 1953 and the other was replaced in 2017.
    - c. We have a 4000-gallon storage tank.
    - d. We also have a pump house and generator.
    - e. All of these are located on Shrewsberry near Northwestern
    - f. Water main system consists of distribution pipes, isolation valves, fire hydrants and a connection to Briarcliff as needed. Basically, the inground stuff.
    - g. The connection to Briarcliff is an option that most water systems do not have.
    - h. Briarcliff is also looking into the cost of connecting to city water due to the possibility of losing us as a backup.
  3. Well Based System – Life
    - a. Wells
      - The original #1 well was not as deep as well #2. It was shut down in 2017.
      - Well #2 is original from 1953 and is deeper than Well #1 was.
      - Well #3 was dug in 2017 to replace the original Well #1. It is a comparable depth to Well #2.
    - b. Tank
      - Our tank is original but was repaired and lined ~ 10 - 15 years ago.
      - A big question has been does the Tank need to be replaced? The design life is exceeded but lining company says it's OK to go forward with a liner. The tank is inspected every 3 years.
    - c. Our Water mains are nearing end of design life per EGLE and The City. The city is replacing mains at this age.
  4. Well Based System – Costs
    - a. Our reserve funds have been shrinking in recent years. In the past 4 out of 5 years, expenses have exceeded income.
    - b. Our HOA dues will need to be increased due to recent cost increases for repair and maintenance.
    - c. We don't have a crystal ball into the future. Having said that, no water main breaks is a good sign. We are told that increased breaks are a sign of needing a new system.
      - EGLE Recommends that we plan on replacing our system and budget for it.
  5. Conversations with key people involved with our system.
    - a. D'Angelo Brothers provides in ground repairs.
      - Vince said it's hard to predict the life of our system, but the number of water main repairs will usually tell you that. Age is also a factor, but they are working on systems in Pontiac from the 1900's and 1910's that are still operational. He is also replacing water mains from the 1990's. Both older and newer systems can have issues.
      - Heart of the system

- o Vince stated that he feels the biggest thing to look at is the wells and pump house. That is the heart of the system. Replacing the mains is straight forward but you need good quality water.
  - Maintenance
    - o He stated that systems that are not well taken care of have more issues.
  - Cost of upgrade
    - o He said to figure on \$375 per foot to install a new system.
    - o At \$375 per foot the cost to replace our water main lines would be almost \$4 million. That is similar to what the city quote is.
- b. Brian at Douglas Environmental is a licensed Water Systems Operator
- When asked about the life of our system he said the number of water main repairs will usually tell us that.
  - Brian also said that our system is maintained better than at least 90% of the systems out there. He thought that is important in life expectancy.
  - He didn't know if any type of funding would be available to assist with the cost of conversion to City Water but the San Marino subdivision in Southfield is in the process of converting to city water and some funding was obtained to help with that.
- c. Brown Well Drilling handles repairs to pump house and wells.
- When asked about the Life of our Wells we were told that the newer, 8" well should last 75 years or more. The original 6" well may last less than 50 years. That said there are wells that are over 100 years old and are still providing water.
  - Maintenance
    - o As systems get older the biggest problems are that: the tank needs to be replaced/repared; well pumps require replacement; wells require rehabilitation, and the infrastructure begins to deteriorate.
  - Shut Down Pump House Cost
    - o Wells can be abandoned for \$15,000.00 to \$20,000.00.
    - o Tank can probably be filled with sand and left in place; however, the demo contractor should be able to remove it at the same time they demo the building. Brown does not do demo work.
    - o We could remove all plumbing, in the building, for \$8,000.00 to \$10,000.00.
  - New Well Cost
    - o A new well installed today is ~\$80K to \$100K (\$515 - \$645 per homeowner)
6. Potential Funding – Asked Tiffany if she would like to speak on this.
- a. Funding that San Marino received was through a C2R2 Grant that was created to provide grants for systems with contamination or for consolidation. Program was started in 2020. More funding is being funneled into it this year but that will be eaten up by other projects that had been submitted originally. So that Grant won't be available in the near term.
- b. There is a Drinking Water Revolving Loan that can be obtained. But because FKHOA is a private system we're not eligible. That would have to be acquired through the City of Farmington Hills. The city would be the main applicant because there's bonding required. There is a scoring process for that.

- **Scoring process:** For each application they look at what the issues are they are trying to resolve with the loan, and they're given a score so request can be ranked. In years past there have been fewer applicants and enough money that they were able to fund almost all the projects coming in. In the last couple of years, they have seen a dramatic increase in the number of requests coming in. Example: In the past year they received requests for \$1 billion and only \$265 million was available for funding. This is a very competitive loan and Tiffany doesn't anticipate that changing.
  - FKHOA could leverage project that the city of Farmington Hills is interested in doing in combination with our consolidation to help improve the scoring. Tiffany doesn't know how we would rank against other projects. We could move forward with "An intent to apply." A preliminary evaluation would be done, and we could see how we might fall. The next funding cycle will start in the beginning of 2023 for funding in 2024. FKHOA would need to reach out to the city to see if they would even be interested in pursuing that. Tiffany doesn't think she's seen the City's name on recent lists for projects requesting that loan.
- c. More infrastructure money is coming in. They don't know how that will be broken up and how it will be designated. There could be funding through the EPA. But they don't know what that funding will look like
- d. Questions?
- ***Is increase in funding requests related to concerns about source of drinking water supply?***  
**Tiffany:** In MI we don't lack for a source of water supply because of the Great Lakes. The increase in requests for funding that they're seeing is due to the fact that there's been a lack of investment over probably the last 50 years in infrastructure. Now "The bill's coming due, we can't keep kicking the can down the road." Water mains are failing and problematic. Tiffany works with 52 different systems, ranging from ground water systems like FKHOA to the City of Detroit.
    - Example: One community whose system was built in the 1900s and is mostly cast iron. There was a lack of investment during the majority of the life of the system. They are now facing water losses due to leaks in their pipes from 30-50%. That means they have to pump in almost twice as much water as they need to meet their demand and the demands of the leak.
    - She brought that up because the FKHOA System seems to be operating fine now. That won't always be the case. She can't predict the date when it might start to have problems. There are tools out there to help assess, that can measure the health of the water main pipes.
  - ***Since there are systems with such challenged infrastructures and our system is working fine how will we ever qualify for funding?***  
**Tiffany:** Good point. The more problems the higher you qualify for the loans or grants. She doesn't recall details of the San Marino system and how they qualified for grant. She works with loans.
    - FKHOA Is disadvantaged in getting funding because we're a private system.
    - Something else to keep in mind is our water quality. FKHOA is on a ground water supply system so probably have a lot of iron & hardness in our water. Homeowners probably have water softeners. When we do a switchover to the Great Lakes Water (GLW) we won't have that same issue because it's coming from a surface water with lower hardness.

- ***Will we need to replace service line to the house if we make the switch?***  
**Tiffany:** Most of us probably have a copper line to the house. She doesn't think we would have a lot of accumulation in the interior of the line that would decrease the diameter of the pipe where you would have to replace it.
  - If pipe is galvanized or cast iron, there's going to be a problem no matter what kind of water you're using. Pipe is going to corrode over time & you're going to lose diameter.
- ***What are the chances that FKHOA could get a loan?***  
**Tiffany:** On your own it's a low chance because of the scoring structure. If FKHOA were to combine with a City of Farmington Hills project it increases your chances, but she can't give a percentage.
- ***Would the age of the well and its life expectancy help increase our scoring?***  
**Tiffany:** Short answer is no. What really helps scoring is if we had ongoing issues.
- ***Would it make sense to go after funding first or should the study the city did come first?***  
**Tiffany:** The way we did it is best. The city is submitting the loan, and is essentially the one paying the loan, they would need to do the study to know the cost. They also want to know that the community is really on board.

7. Summary Comparison.

- a. Water Usage Cost
  - City - Average home estimated to be \$170.12 per quarter
  - Well - Currently \$100 per quarter
- b. Sewer Cost
  - City - Average home estimated to be \$172.58 per quarter
  - Well - Currently \$177 per quarter
    - NOTE: Fixed cost of sewer 10 years ago was \$95.72.
- c. Maintenance
  - City - City's responsibility. Included in your bill.
  - Well - Homeowners manage and pay for everything.
- d. Management
  - City - They take care of this
  - Well - Hired. Concerns about replacement manager when Scott decides to step down.
- e. HOA Dues
  - If we convert to City - Dues are estimated to be less than \$200 annually.
  - Well - Currently \$400 annually. Increase will be proposed due to inflation at Fall Annual Meeting.
- f. Home blow outs
  - City - Not needed (New 1" water line vs 0.75" line now)
  - Well - As needed. Cost min \$75
- g. Backup water system
  - City - Not needed
  - Well - Briarcliff as long as they remain on well based system. No backup if they convert.

8. Petitioning Procedure

- a. Petitions must be signed by property owner(s) or their spouse. That may not be the person residing at the address.
- b. Each petition must be signed and notarized by circulator.

- c. Petitions MUST be returned to City Clerk by June 20, 2022.
  - d. If petitions are not returned by this deadline, the district will not be reconsidered for a period of one year and at that time will require an updated information packet.
9. Petitioning Volunteers
- a. As part of tonight's meeting, we need volunteers who are willing to circulate petitions. Is someone willing to act as chairperson to coordinate these efforts?
  - b. Is anyone in the neighborhood a notary? That would make it easier once signatures are obtained
10. Q & A
- a. At this time, we'll try to answer your questions.
  - b. Please remember, while we're your elected board, we are also homeowners. Our goal has been to provide information without sharing personal opinions.
  - c. Questions
    - Maria Sabatini Lot 041: ***Do we have a rough figure of what our reserves are?***
      - Scott Wood, Treasurer: Current reserve is ~ \$100,000. Biggest reserve we had was ~ \$160,000.
    - Maria Sabatini Lot 041: ***Do we know what condition the pipes are in?***
      - Scott Wood, Water System Manager: Pump house pipes are above ground and some of those sections have been replaced. Pipes that are in ground are more difficult to know their condition because we have not had water main breaks. When we've had other repairs done (e.g., isolation valve, fire hydrants) the inside of pipes in that area can be seen. Scott takes pictures of those areas so they can see condition of pipes. Not a great way to tell, but it gives some indication of what the pipes are like.
    - Maria Sabatini Lot 041: ***Water system is old. We don't want to be the last ones to do conversion.***
      - Scott Wood, Water System Manager: Water system is equivalent to a car with 100,000 miles. Some cars can go to 200,00 miles or more with no major issues. Other cars start having problems right after and are in the shop constantly. We've been good so far but we don't know.
      - Tiffany: I did a quick calculation. If FKHOA were to do conversion on their own and cost to replace water mains is \$4 million. If the HOA can only afford to do \$100,000/year to cover ~300 feet of water main, it's going to take 40 years to complete. In this time frame your system will also incur more maintenance/repair costs.
    - Faye Adelson Lot 076: ***If Briarcliff is our backup, what happens to us if they convert to city water? Flip side is, if this does go through how long do we have as homeowners to pay this bill?***
      - Sandy Ashcroft, Facilitator: City said that the loan is for 15 years. If Briarcliff goes to city water and we don't, then we won't have a backup source for water.
      - Milt Levine, President: We're both in the same situation. If FKHOA converts, Briarcliff has to and vice versa.
      - Scott Wood, Water System Manager: We have a great luxury in that we have a duplicate water system. They were designed so that either system can do both subdivisions. There are ways in some cases where repairs can be made without shutting down the water system.

- Jay Berkowitz Lot 068: ***Seems like a short time frame and not that much information. With all these questions coming up, he doesn't mind waiting a year and trying to get more information. He thinks we should convert.***
- Bruce Hillenberg Lot 004: ***Has anyone spoken to a local real estate agent to see how this upgrade would affect our resale value? If conversion would increase the equity, it might cover some of the cost as we're thinking of budgeting this over the next 15 years.***
  - Discussion amongst homeowners with no conclusion.
- Richard Wagner Lot 054: ***Described maintenance of water system through the years. Sounds a little rushed.***
  - Sandy Ashcroft, Facilitator: Board was tasked with researching cost to convert in 2019.
- Robin White Lot 066: ***Adding costs up we're looking at \$37,500 to \$40,000 to hook up. Robin described ongoing maintenance of our system and quality of water. Compared with issues and increased costs for city water. Feels we're being rushed into making a decision. Described original septic tanks/fields with pipes that could still be in ground under front lawns. She also spoke with realtors who said that city water does not increase property value.***
  - Sandy Ashcroft, Facilitator: City said that we can get financing for \$28,900. To hook up from stop box to your house is an additional cost and homeowners' responsibility.
- Stefanie Kandah Lot 137: ***She contacted a realtor. Comparison is done of homes in our neighborhood & what they sold for when they assess value of a home. Houses with city water will generally sell faster. Assessment from city is a negotiation point between seller & buyer. Asked about when an increase in dues will be assessed?***
  - Milt Levine, President: Any increase will only happen if approved by general membership at annual meeting in November, so come to meeting.
- Milt Levine, President: We have the room for approximately 15 more minutes. Please be briefer so we can address everyone.
- Leo Borchenko Lot 068: ***What would cost be to replace tank & second well?***
  - Scott Wood, Water System Manager: To replace tank cost would be ~\$75,000 and well would be ~\$80,000 - \$100,000. Well is monitored multiple times a week seems to be doing well.
- Scott Waldron Lot 053: ***Encouraged FKHOA to carefully read the full document from the city. It says the cost is an estimate. Said the board did its due diligence in trying to get answers starting in 2020. Delays due to the pandemic along with labor & material shortages are most likely going to increase cost to convert.***
- Bill Olsen Lot 050: ***If I have a 100,000-mile car if it's running fine, is paid for, and hasn't needed any repairs I'm going to hang onto it until it starts costing me money. Have we considered as a HOA saving with increased dues so that 5 years down the road when we start needing repairs, we have funds to cover? Or, if we need to go on to city water lines, we can pay for a portion out of the HOA as opposed to every homeowner being hit with the full amount.***
  - Milt Levine, President: That's what we're going to discuss at the next meeting.
- Jerry Gaspar Lot 070: ***Currently looking at \$47,000 including interest. Taking a little more time to get it right the first time seems okay.***
- Milt Levine, President: We have petitions at front to be circulated. Board worked hard to get information together. Thank you for coming.

Meeting was adjourned at 8:30 PM by Milt Levine, President.