

Board of Public Utilities

Regular Meeting Agenda

Monday, May 19, 2014
4:00 p.m., DPW Conference Room
1199 8th Avenue



City of South Haven

1. Call to Order
2. Roll Call
3. Approval of Agenda
4. Approval of Minutes – April 28, 2014
5. Interested Citizens in the Audience Will be Heard on Items Not on the Agenda

REPORTS

6. Cost of Energy from Indiana-Michigan Power Company (AEP)

- A. 2014 Billings – All Charges
- B. 2013 Billings – All Charges

7. Financial Reports

- A. Electric Fund – Financial Report for period ending April 30, 2014
- B. Electric Fund – Review of Percentage Billed
- C. Water Fund – Financial Report for period ending April 30, 2014
- D. Water Fund – Review of Percentage Billed
- E. Sewer Fund – Financial Report for period ending April 30, 2014

8. Utility Billing Procedures Report

9. Unresolved Issues Report

NEW BUSINESS

10. Board will be requested to review electric rates for the 2014-2015 fiscal year.

11. Acting Public Works Director Comments

- A. Next Meeting is scheduled for June 30, 2014 which is the fifth Monday of the month.
- B. Update on Roger Huff.

12. Board Member Comments

13. Adjourn

RESPECTFULLY SUBMITTED,

A handwritten signature in cursive script that reads "Larry Halberstadt".

Larry Halberstadt, PE
Acting Public Works Director

South Haven DPW Building is Barrier-free and the City of South Haven will provide the necessary reasonable auxiliary aids and services for persons with disabilities, such as signers for the hearing impaired and audio tapes of printed materials being considered at the meeting to individuals with disabilities at the meeting upon seven (7) days notice to the South Haven City Clerk. Individuals with disabilities requiring services should contact the City Clerk by writing or calling South Haven City Hall at (269) 637-0750.

Board of Public Utilities

Regular Meeting Minutes

Monday, April 28, 2014
4:00 p.m., DPW Conference Room
1199 8th Avenue



City of South Haven

1. Call to Order by Burr at 4:00 p.m.

2. Roll Call

Present: Burr, Roberts, Rose (Ex-officio), Stein (Ex-officio), Winkel, Stickland
Absent: Henry, Overhiser (Ex-officio)

Also present: Wendy Hochstedler, Finance Director.

3. Approval of Agenda

Motion by Burr, second by Winkel to approve the April 28, 2014 agenda as presented.

All in favor. Motion carried.

4. Approval of Minutes – March 31, 2014

Motion by Burr, second by Winkel to approve the March 31, 2014 regular meeting minutes as written.

All in favor. Motion carried.

5. Interested Citizens in the Audience Will be Heard on Items Not on the Agenda

None at this time.

REPORTS

6. Cost of Energy from Indiana-Michigan Power Company (AEP)

- A. 2014 Billings – All Charges
- B. 2013 Billings – All Charges

7. Financial Reports

- A. Electric Fund – Financial Report for period ending March 31, 2014
- B. Electric Fund – Review of Percentage Billed

- C. Water Fund – Financial Report for period ending March 31, 2014
- D. Water Fund – Review of Percentage Billed
- E. Sewer Fund – Financial Report for period ending March 31, 2014

The board discussed the effect of estimated reads and true-ups. Burr noted that usually estimates are done in January and February but due to the weather this year there were three months of estimated reads.

There was discussion regarding flushing, plant usage of water and costs versus budget. Hochstedler noted that one thing that is throwing the figures off is the grants on the SSES (Sanitary Sewer Evaluation Survey).

8. Bond Reports

- A. Fund 370 – 2011 Building Authority General Obligation Limited Tax Refunding Bonds
- B. Fund 371 – 2012 General Obligation Limited Tax Refunding Bonds
- C. Fund 591 – 2001 Water Supply System Revenue Bonds
- D. Fund 591 – 2008/2009 Water Filtration Plant Capital Improvement Bonds
- E. Fund 591 – Amortization of Bond Discounts and Insurance Costs, Water Filtration Plant

Hochstedler noted that she included these reports due to a request from Mayor Burr and reviewed the funds as follows:

Fund 370; percentages used included LDFA (Local Development Finance Authority), DDA (Downtown Development Authority) and the Electric Fund. Initial bonds were issued in 2001.

Fund 371 – Hochstedler noted that LDFA (Local Development Finance Authority) and Sewer each have a fixed amount. These bonds were issued for the Ravines Sewer Rehabilitation and St. Joseph Street project area. Hochstedler explained the way the proceeds were distributed noting that the deficit/overage is finally done.

Fund 591 – Stand Pipe Repayment. Hochstedler noted there is a call schedule in this provision.

Water Fund Amortization. Hochstedler explained the Bond Discounts; there is really no capital outlay. It is just accounting practice to amortize it.

Discussion ensued regarding the debt service and how the rates get adjusted.

9. Quarterly Outage Report

Stickland noted that the number of tree outages should change once the work starts on the secondary tree trimming.

Stickland informed that the city experienced outages in the core city. There will be some trimming work done in the next month; the tree crews will have to pull off for Memorial Day and then commence work again after Labor Day. Burr noted that there has never been major work done on the secondary so some of the infrastructure could be forty (40) years old.

10. Unresolved Issues Report

No new issues per Halberstadt.

NEW BUSINESS

11. Board will be requested to consider a request from Mr. Jack Shapiro for a water and sewer credit at 09704 76th Street, South Haven Township.

Hochstedler noted that staff does not believe that this qualifies as a “hidden leak.” Stickland noted that this is staff interpretation. Halberstadt noted that there is no definition of “hidden leak” in the policy. Stickland said we can let this go to staff to determine whether this is a hidden leak. The board consensus was to issue only a sewer credit since none of the water that flowed from the outdoor faucet went through the sewer.

12. Board will be requested to review Public Act 95 of 2013 and make a recommendation to City Council.

Halberstadt noted this is the low income energy assistance fund. Each year this needs to come back to the board unless you do not want to discuss this annually. Halberstadt noted that he could write a resolution that City Council could pass, to handle this request the same every year.

Stickland noted that he would like to be kept abreast of how staff is handling this.

Burr noted that delinquent balances end up on the tax rolls and the customer must pay it off with their taxes.

Motion by Roberts, second by Winkel to recommend that the City elect to opt out of collecting the low income surcharge as outlined in PA 95 of 2013. Shut offs to residential customers for nonpayment of a delinquent account will need to be suspended from November 1, 2014 to April 15, 2015.

All in favor. Motion carried.

13. Board will be requested to review Bid Number 2014-08: Application of Biosolids to Farmland and make a recommendation of award to City Council.

Stickland noted this is an item that the board has to consider every three years. Halberstadt shared the information he has on the contractor.

After discussion there was a motion by Burr, seconded by Roberts to approve a recommendation to City Council to award Bid Number 2014-08, Application of Biosolids to Farmland to GroAmerica of Grand Rapids, Michigan at the unit prices indicated on their submitted bid.

All in favor. Motion carried.

14. Board will review draft budgets for the Electric, Water, and Sewer funds for the 2014-2015 fiscal year.

Hochstedler noted that the overall utilities cost of living increase is being proposed and it is up to the board what they want to do. Noted there are increases proposed for water and sewer but not electric.

Halberstadt pointed out the figures that indicate what the average customer uses. Burr noted that Covert's is the same as the City of South Haven.

Electric Fund – Hochstedler noted this is for the 2014 to 2015 proposed budget and explained the figures which would be sufficient for the next fiscal year, without knowing what the true-up will be. Hochstedler pointed out the capital outlay items which were moved from 2014 to 2015. That included the expansion of the DPW (Department of Public Works) plant and remodel of some of the offices, both of which did not get done this year, so those figures have been moved over to 2015. Hochstedler pointed out that some of these figures can be adjusted depending on what projects actually get done. There are reserves that can be used for future projects if they are accelerated.

Burr is concerned that there may not be enough budgeted for doing the building and the secondary work.

There was discussion of how much money is actually out there to use; Halberstadt noted he is working with an architect to get a firmed up number, while the number that is indicated in the chart is just a rough number. Burr noted there is a reserve we can draw from. There was discussion of Operations & Maintenance versus Capital work.

Water Fund – Hochstedler explained the proposed rate increase and noted the reserves and capital assets. Stickland suggested that we not recommend a two percent (2%) increase because we are not reducing our net reserves and we have a lot of old water main in town that will be needing replacement and believes that would make it easier to deal with the surcharge we will have to do in the future. Someone needs to come in and do a rate study and help us know what we need to do. Stein commented that if you just increase according to the cost of living it is better than doing it all at once, especially for those on fixed incomes. Burr agreed with Stein regarding the inflationary rate. Burr noted that even if we fund a rate study, he believes we should increase the rates annually. There was discussion of how the money would be used if the rates were raised.

Rose indicated that Covert just had a rate study on sewer and it does not really tell you what you need to know. Stein reiterated that the fixed income seniors are the ones who are really affected by an increase. Burr agreed that a large increase is not fun and noted that Chicago is doing the annual cost of living increase. Roberts asked whether the city could tap federal money; Halberstadt noted it is easier to get grants for road construction because the federal government thinks the utility should just raise rates to cover infrastructure.

Motion by Burr to increase the water rates 2 percent (2%). Second by Roberts.

All in favor. Motion carried.

Sewer Fund. Halberstadt noted we have a very small reserve in the sewer fund. Hochstedler said there are significant expenditures coming in 2016 through 2017 that are a product of the study Abonmarche is doing. Hochstedler explained that she wanted to build up some reserves. There was discussion regarding approving a rate increase, then going with the rate study. Stein and Rose agreed that they rather see the gradual increases which is in line with the rate of inflation. Hochstedler pointed out the work expected to be done on Dyckman.

Motion by Winkel, second by Roberts to approve a sewer rate increase of four percent (4%).

All in favor. Motion carried.

Hochstedler noted City Council will be updated before their next regular meeting and then be presented the proposed budget at their regular meeting on May 5. Discussion ensued regarding whether the state is pressuring the utility; Halberstadt noted that we are trying to be pro-active and the SAW (Stormwater, Asset Management, and Wastewater) Grant Program requires the city to do the projects for which we accept the money.

Discussion ensued about storm water systems, how they are being detected and what can be done to enforce not having storm water running into sanitary sewers. There are many instances of sump pumps in basements pumping water into the storm sewer.

15. Acting Public Works Director Comments

- A. Next Meeting is scheduled for May 19, 2014, as approved by the board at the November 2013 meeting, due to the Memorial Day Holiday. City Council is also scheduled to meet at 7:00 pm on that day.
- B. Update on Roger Huff.

Halberstadt updated the board on the Huff's progress.

16. Board Member Comments

Rose asked about the valve turning machine; noted that Covert paid for half of that machine and have not had any valve turning done. Rose is concerned with maintenance of the valves. Halberstadt promised they will get it done.

The city has had a complaint from Kathy Wagaman regarding grease in the sewer. There were questions and discussions regarding inspection of grease traps.

17. Adjourn

Motion by Winkel, second by Roberts to adjourn at 5:47 p.m.

All in favor. Motion carried.

RESPECTFULLY SUBMITTED,

April 28, 2014
Board of Public Utilities
Regular Meeting Minutes
DRAFT

Marsha Ransom
Recording Secretary

City of South Haven
Electric Fund - Fund 582
For the period ended April 30, 2014

Col 6 & 11

Revenues:	Month Actual	Monthly Budget	Prior year MTD	MTD Variance to Budget	MTD Variance to Prior Year	YTD Actual	YTD Budget	Prior YTD Actual	Variance to Budget	Variance to Prior Year	2013-14 Adopted Budget	% of Annual Budget
Electric Sales	\$ 1,037,359	\$ 1,146,367	\$ 1,072,984	\$ (109,008)	\$ (35,625)	\$ 12,061,335	\$ 11,463,670	\$ 12,112,077	\$ 597,665	\$ (50,742)	\$ 13,756,404	88%
Charges for Service	\$ 10,205	\$ 12,500	\$ 10,378	\$ (2,295)	\$ (174)	\$ 175,343	\$ 125,000	\$ 264,169	\$ 50,343	\$ (88,826)	\$ 150,000	117%
Interest Income	\$ 1,279	\$ 2,500	\$ 610	\$ (1,221)	\$ 669	\$ 50,724	\$ 25,000	\$ 15,304	\$ 25,724	\$ 35,420	\$ 30,000	169%
Other Revenue	\$ 3,307	\$ 2,500	\$ 3,884	\$ 807	\$ (577)	\$ 53,943	\$ 25,000	\$ 34,381	\$ 28,943	\$ 19,561	\$ 30,000	180%
Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Total Revenues	\$ 1,052,150	\$ 1,163,867	\$ 1,087,856	\$ (111,717)	\$ (35,706)	\$ 12,341,345	\$ 11,638,670	\$ 12,425,932	\$ 702,675	\$ (84,587)	\$ 13,966,404	

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Expenses	Month Actual	Monthly Budget	Prior year MTD	MTD Variance to Budget	MTD Variance to Prior Year	YTD Actual	YTD Budget	Prior YTD Actual	Variance to Budget	Variance to Prior Year	2013-14 Adopted Budget	% of Annual Budget
Purchased Power	\$ 638,108	\$ 800,000	\$ 637,034	\$ (161,892)	\$ 1,074	\$ 7,918,519	\$ 8,000,000	\$ 7,103,252	\$ (81,481)	\$ 815,267	\$ 9,600,000	82%
Other Operating Expenses	\$ 270,171	\$ 146,581	\$ 168,131	\$ 123,591	\$ 102,041	\$ 1,624,944	\$ 1,465,808	\$ 1,388,548	\$ 159,137	\$ 236,396	\$ 1,758,969	92%
Property Tax Equivalents	\$ 57,236	\$ 57,236	\$ 54,821	\$ (0)	\$ 2,415	\$ 572,358	\$ 572,358	\$ 548,208	\$ (0)	\$ 24,151	\$ 686,830	83%
Energy Optimization Costs	\$ 23,026	\$ 21,800	\$ 22,787	\$ 1,226	\$ 240	\$ 224,086	\$ 218,002	\$ 199,150	\$ 6,085	\$ 24,937	\$ 261,602	86%
Capital Outlay	\$ 27,436	\$ 45,000	\$ 63,623	\$ (17,564)	\$ (36,186)	\$ 73,632	\$ 450,000	\$ 174,637	\$ (376,368)	\$ (101,005)	\$ 540,000	14%
Transfer Out	\$ 14,754	\$ 14,754	\$ -	\$ (0)	\$ 14,754	\$ 147,541	\$ 147,541	\$ 167,018	\$ (0)	\$ (19,477)	\$ 177,049	83%
Depreciation	\$ 45,000	\$ 45,000	\$ 39,510	\$ -	\$ 5,490	\$ 450,000	\$ 450,000	\$ 395,103	\$ -	\$ 54,897	\$ 540,000	83%
Administrative Expenses	\$ 111,024	\$ 60,153	\$ 47,357	\$ 50,871	\$ 63,667	\$ 627,975	\$ 601,530	\$ 561,862	\$ 26,445	\$ 66,113	\$ 721,836	87%
Total Expenses	\$ 1,186,756	\$ 1,190,524	\$ 1,033,262	\$ (3,768)	\$ 153,494	\$ 11,639,055	\$ 11,905,238	\$ 10,537,777	\$ (266,183)	\$ 1,101,278	\$ 14,286,286	

Net Fund Change \$ (134,606) \$ (26,657) \$ 54,594 \$ (107,949) \$ (189,200) \$ **702,289** \$ (266,568) \$ 1,888,154 \$ 968,858 \$ (1,185,865) \$ (319,882)

CITY OF SOUTH HAVEN
ELECTRIC FUND
KWH COMPARISONS
ROLLING TWELVE MONTHS

		KWH PURCHASED	KWH BILLED	KWH STREET LTS	STREET LTS 12 MO AVE.	TOTAL KWH BILLED AND STREET LTS	PERCENTAGE BILLED AND STREET LTS TO PURCHASED (ROLLING 12 MOS)	PERCENTAGE BILLED AND STREET LTS TO PURCHASED CURRENT MONTH
FISCAL 2012								
July	2011	15,964,582	12,755,514	37,013	52,009	12,792,527	95.31%	80.13%
August	2011	14,632,086	15,136,722	42,500	52,092	15,179,222	95.19%	103.74%
September	2011	11,307,801	12,319,850	47,553	52,087	12,367,403	95.87%	109.37%
October	2011	10,969,854	9,722,952	56,849	52,308	9,779,801	95.46%	89.15%
November	2011	10,739,972	10,221,480	61,585	52,280	10,283,065	95.52%	95.75%
December	2011	11,617,747	9,798,051	68,085	52,367	9,866,136	95.17%	84.92%
January	2012	11,913,417	11,146,773	65,812	52,441	11,212,585	94.66%	94.12%
February	2012	10,944,615	10,940,177	58,568	52,236	10,998,745	95.24%	100.49%
March	2012	11,050,285	10,825,582	58,568	52,363	10,884,150	95.14%	98.50%
April	2012	10,395,921	10,227,215	47,347	52,247	10,274,562	95.46%	98.83%
May	2012	11,744,237	10,681,872	44,415	52,218	10,726,287	95.09%	91.33%
June	2012	13,267,935	10,895,095	38,072	52,197	10,933,167	93.60%	82.40%
		<u>144,548,453</u>	<u>134,671,283</u>	<u>626,367</u>		<u>135,297,650</u>		
FISCAL 2013								
July	2012	17,466,170	14,702,549	38,276	52,303	14,740,825	93.26%	84.40%
August	2012	14,358,453	15,845,089	43,385	52,376	15,888,474	93.50%	110.66%
September	2012	11,481,145	12,211,557	48,595	52,463	12,260,152	94.22%	106.79%
October	2012	10,545,910	9,741,443	54,699	52,284	9,796,142	94.11%	92.89%
November	2012	10,466,158	10,312,656	61,617	52,287	10,374,273	94.68%	99.12%
December	2012	11,131,795	9,798,623	69,065	52,368	9,867,688	94.46%	88.64%
January	2013	11,560,064	10,621,867	68,768	52,615	10,690,635	94.14%	92.48%
February	2013	10,550,434	10,544,686	59,658	52,705	10,604,344	94.21%	100.51%
March	2013	11,110,656	10,170,132	53,004	52,242	10,223,136	93.95%	92.01%
April	2013	10,233,332	9,906,424	48,201	52,313	9,954,625	94.19%	97.28%
May	2013	11,168,009	10,537,176	44,120	52,288	10,581,296	94.78%	94.75%
June	2013	11,593,465	10,064,318	37,708	52,258	10,102,026	95.35%	87.14%
		<u>141,665,592</u>	<u>134,456,520</u>	<u>627,096</u>		<u>135,083,616</u>		
FISCAL 2014								
July	2013	14,702,976	12,364,189	37,740	52,213	12,401,929	94.64%	84.35%
August	2013	13,559,712	13,582,248	42,342	52,126	13,624,590	94.42%	100.48%
September	2013	11,670,399	12,462,283	48,796	52,143	12,511,079	95.03%	107.20%
October	2013	10,945,398	10,453,792	54,475	52,125	10,508,267	94.91%	96.01%
November	2013	10,657,150	9,502,492	58,511	51,866	9,561,003	94.96%	89.71%
December	2013	11,962,287	10,244,088	71,063	52,032	10,315,151	94.68%	86.23%
January	2014	12,608,593	10,865,756	65,878	51,791	10,931,634	94.09%	86.70%
February	2014	11,410,071	11,949,560	59,636	51,790	12,009,196	94.64%	105.25%
March	2014	11,773,033	10,657,014	54,626	51,925	10,711,640	94.38%	90.98%
April	2014	10,374,016	9,787,293	48,541	51,953	9,835,834	94.38%	94.81%
		<u>119,663,634</u>	<u>111,868,715</u>	<u>541,608</u>		<u>112,410,323</u>		
Prior Year-to-date		118,904,118	113,855,026	545,268		114,400,294		
Two Years Prior		119,536,280	113,094,316	543,880		113,638,196		

City of South Haven
Water Fund - Fund 591
For the period ended April 30, 2014

Col 6 & 11

Revenues:	Month Actual	Monthly Budget	Prior year MTD	MTD Variance to Budget	MTD Variance to Prior Year	YTD Actual	YTD Budget	Prior YTD Actual	Variance to Budget	Variance to Prior Year	2013-14 Adopted Budget	% of Annual Budget
Sales	\$ 279,316	\$ 287,975	\$ 293,042	\$ (8,658)	\$ (13,726)	\$ 3,103,494	\$ 2,879,747	\$ 2,921,936	\$ 223,747	\$ 181,558	\$ 3,455,696	90%
Charges for Service	12,604	6,250	70	6,354	12,534	50,926	62,500	51,009	(11,574)	(83)	75,000	68%
Interest Income	71	167	34	(96)	37	(392)	1,667	1,054	(2,058)	(1,446)	2,000	-20%
Special Assessment Revenue	1,502	1,083	3,645	418	(2,143)	40,054	10,833	45,633	29,221	(5,579)	13,000	308%
Other Revenue	3,997	2,917	6,996	1,080	(2,998)	42,838	29,167	39,057	13,671	3,781	35,000	122%
Total Revenues	\$ 297,490	\$ 298,391	\$ 303,786	\$ (901)	\$ (6,296)	\$ 3,236,920	\$ 2,983,913	\$ 3,058,689	\$ 253,007	\$ 178,231	\$ 3,580,696	

Expenses:	Month Actual	Monthly Budget	Prior year MTD	MTD Variance to Budget	MTD Variance to Prior Year	YTD Actual	YTD Budget	Prior YTD Actual	Variance to Budget	Variance to Prior Year	2013-14 Adopted Budget	% of Annual Budget
Operating Expenses	\$ 111,970	\$ 114,259	\$ 126,360	\$ (2,289)	\$ (14,390)	\$ 975,923	\$ 1,142,593	\$ 982,574	\$ (166,670)	\$ (6,651)	\$ 1,371,112	71%
Property Tax Equivalents	8,349	12,274	7,103	(3,924)	1,246	83,494	122,737	71,032	(39,242)	12,463	147,284	57%
Capital Outlay	3,491	26,076	1,878	(22,584)	1,613	260,677	260,758	202,096	(80)	58,581	312,909	83%
Debt Service	457,059	120,895	-	336,164	457,059	1,232,209	1,208,947	726,944	23,262	505,265	1,450,736	85%
Transfers Out	167	2,824	2,533	(2,657)	(2,367)	1,667	28,237	29,181	(26,570)	(27,515)	33,884	5%
Depreciation	47,917	47,917	16,307	-	31,610	479,167	479,167	163,070	-	316,097	575,000	83%
Administrative Expenses	13,983	18,376	13,355	(4,393)	627	182,261	183,760	175,253	(1,499)	7,009	220,512	83%
Total Expenses	\$ 642,936	\$ 342,620	\$ 167,537	\$ 300,316	\$ 475,399	\$ 3,215,398	\$ 3,426,198	\$ 2,350,150	\$ (210,800)	\$ 865,248	\$ 4,111,437	

Net Fund Change \$ (345,446) \$ (44,228) \$ 136,249 \$ (301,217) \$ (481,695) \$ **21,523** \$ (442,284) \$ 708,539 \$ 463,807 \$ (687,016) \$ (530,741)

FY 2014 Debt Service Payments:

	Principal	Interest	Fees	Totals
Annual Bond Discount Amortization	Due 4/1	\$ 26,353		\$ 26,353
Water System Revenue Bonds	Due 10/1	\$ 6,425		\$ 6,425
Water System Revenue Bonds	Due 4/1	\$ 25,000	\$ 6,425	\$ 31,700
2008 Water Plant Bonds	Due 12/1	\$ 232,059	\$ 550	\$ 232,609
	Due 6/1	\$ 232,059		\$ 457,059
2009 Water Plant Bonds	Due 12/1	\$ 255,000	\$ 222,751	\$ 477,751
	Due 6/1	\$ 218,289	\$ 550	\$ 218,839
Total Budgeted Principal, Interest, Fees Due		\$ 505,000	\$ 944,361	\$ 1,375
		\$ 1,450,736		
Payments made Year-to-date		\$ (505,000)	\$ (726,072)	\$ (1,138)
Payable by 5/31		\$ -	\$ 218,289	\$ 238
				\$ 218,526

CITY OF SOUTH HAVEN
WATER FUND
CuFt COMPARISONS
ROLLING TWELVE MONTHS

		GALLONS PUMPED TO MAINS	CuFt PUMPED TO MAINS	CuFt PLANT TAP UNBILLED	CuFt WATER QUALITY FLUSHING	CuFt BILLED	PERCENTAGE BILLED PLUS PLANT TAP TO PUMPED TO MAINS (ROLLING 12 MOS)	PERCENTAGE BILLED PLUS PLANT TAP TO PUMPED TO MAINS CURRENT MONTH
FISCAL 2012								
July	2011	68,313,000	9,132,754	0	190,312	7,441,256	85.55%	81.48%
August	2011	59,907,000	8,008,957	103,610	244,928	7,402,180	84.90%	93.72%
September	2011	50,823,000	6,794,519	19,658	231,936	6,658,175	85.02%	98.28%
October	2011	38,457,000	5,141,310	23,888	231,936	4,862,072	85.07%	95.03%
November	2011	30,875,000	4,127,674	4,273	231,936	3,573,435	85.44%	86.68%
December	2011	30,441,000	4,069,652	17,174	231,936	3,191,493	85.57%	78.84%
January	2012	32,467,000	4,340,508	14,319	68,972	3,074,589	85.44%	71.16%
February	2012	29,495,000	3,943,182	23,262	68,972	3,219,167	85.84%	82.23%
March	2012	30,150,000	4,030,749	38,320	65,764	3,450,952	86.13%	86.57%
April	2012	32,927,000	4,402,005	31,678	68,972	3,378,738	86.74%	77.47%
May	2012	50,646,000	6,770,856	37,087	78,956	4,537,251	86.12%	67.01%
June	2012	72,150,000	9,645,722	41,402	144,360	6,461,594	84.46%	66.99%
		<u>526,651,000</u>	<u>70,407,888</u>	<u>354,672</u>	<u>1,858,980</u>	<u>57,250,902</u>		
FISCAL 2013								
July	2012	97,223,000	12,997,727	42,043	149,172	9,601,173	81.95%	74.19%
August	2012	73,095,000	9,772,059	40,244	227,566	10,549,444	83.36%	108.37%
September	2012	51,928,000	6,942,246	36,348	218,946	7,875,634	84.80%	113.97%
October	2012	37,774,000	5,050,000	27,350	259,447	4,949,605	85.50%	98.55%
November	2012	28,082,000	3,754,278	16,894	255,838	3,275,439	86.15%	87.70%
December	2012	27,941,000	3,735,428	34,835	160,400	3,150,827	86.30%	85.28%
January	2013	29,090,000	3,889,037	35,639	83,007	3,204,712	86.22%	83.32%
February	2013	27,257,000	3,643,984	25,791	72,180	3,368,685	86.69%	93.15%
March	2013	28,716,000	3,839,037	30,416	75,789	2,955,708	87.40%	77.78%
April	2013	27,256,000	3,643,850	38,784	79,398	3,120,869	88.84%	86.71%
May	2013	44,617,270	5,964,876	52,314	342,855	3,962,497	88.14%	66.43%
June	2013	52,158,000	6,972,995	57,485	312,780	5,366,701	91.24%	76.96%
		<u>525,137,270</u>	<u>70,205,517</u>	<u>438,141</u>	<u>2,237,378</u>	<u>61,381,294</u>		
FISCAL 2014								
July	2013	70,321,000	9,401,203	62,968	127,844	6,705,606	88.48%	72.00%
August	2013	62,517,000	8,357,888	48,003	196,427	8,322,168	88.81%	100.15%
September	2013	52,536,000	7,023,529	43,984	192,916	7,118,311	89.52%	101.98%
October	2013	35,699,000	4,772,594	41,176	182,891	5,303,775	90.51%	111.99%
November	2013	28,029,000	3,747,193	37,834	99,473	3,426,297	90.79%	92.45%
December	2013	28,262,000	3,778,342	37,166	178,083	2,904,054	90.43%	77.84%
January	2014	36,931,000	4,937,299	40,642	145,998	3,089,262	89.82%	63.39%
February	2014	36,711,000	4,907,888	36,230	128,741	3,454,550	89.24%	71.13%
March	2014	36,506,000	4,880,481	37,567	40,914	3,251,264	89.19%	67.39%
April	2014	29,869,000	3,993,182	33,957	57,952	3,321,979	89.46%	84.04%
		<u>417,381,000</u>	<u>55,799,599</u>	<u>419,528</u>	<u>1,351,239</u>	<u>46,897,266</u>		
Prior Year-to-date		428,362,000	57,267,647	328,343	1,581,743	52,052,096		
Two Years Prior		403,855,000	53,991,310	276,182	1,635,664	46,252,057		

City of South Haven
Sewer Fund - Fund 592
For the period ended April 30, 2014

Col 6 & 11

<i>Revenues:</i>	<i>Month Actual</i>	<i>Monthly Budget</i>	<i>Prior year MTD</i>	<i>MTD Variance to Budget</i>	<i>MTD Variance to Prior Year</i>	<i>YTD Actual</i>	<i>YTD Budget</i>	<i>Prior YTD Actual</i>	<i>Variance to Budget</i>	<i>Variance to Prior Year</i>	<i>2013-14 Adopted Budget</i>	<i>% of Annual Budget</i>
	1	2	3	4	5	6	7	8	9	10	11	
Sales	\$ 158,225	\$ 183,638	\$ 176,793	\$ (25,412)	\$ (18,568)	\$ 1,861,634	\$ 1,836,378	\$ 1,692,566	\$ 25,256	\$ 169,068	\$ 2,203,654	84%
IPP Revenues	6,663	7,310	-	(647)	6,663	63,776	73,103	68,351	(9,327)	(4,575)	87,724	73%
Interest Income	2	625	9	(623)	(8)	(756)	6,250	2,304	(7,006)	(3,061)	7,500	-10%
Special Assessment Revenue	2,341	1,423	4,692	918	(2,351)	50,456	14,226	60,786	36,230	(10,330)	17,071	296%
Grant Revenue	-	-	-	-	-	-	-	168,059	-	(168,059)	-	#DIV/0!
Other Revenue	265	292	550	(27)	(285)	13,706	2,917	2,015	10,789	11,691	3,500	392%
Total Revenues	\$ 167,496	\$ 193,287	\$ 182,044	\$ (25,791)	\$ (14,548)	\$ 1,988,816	\$ 1,932,874	\$ 1,994,082	\$ 55,942	\$ (5,266)	\$ 2,319,449	
<i>Expenses</i>	<i>Month Actual</i>	<i>Monthly Budget</i>	<i>Prior year MTD</i>	<i>MTD Variance to Budget</i>	<i>MTD Variance to Prior Year</i>	<i>YTD Actual</i>	<i>YTD Budget</i>	<i>Prior YTD Actual</i>	<i>Variance to Budget</i>	<i>Variance to Prior Year</i>	<i>2013-14 Adopted Budget</i>	<i>% of Annual Budget</i>
Operating Expenses	\$ 92,632	\$ 101,321	\$ 89,812	\$ (8,689)	\$ 2,820	\$ 916,764	\$ 1,013,210	\$ 936,434	\$ (96,446)	\$ (19,671)	\$ 1,215,852	75%
Grant Expense-SSSES	-	3,333	9,032	(3,333)	(9,032)	104,485	33,333	254,587	71,152	(150,102)	40,000	261%
Property Tax Equivalents	7,453	7,453	7,317	0	137	74,534	74,534	73,167	0	1,368	89,441	83%
Capital Outlay	159	31,175	17,038	(31,016)	(16,879)	414,787	311,748	258,890	103,038	155,896	374,098	111%
Transfers Out	19,917	23,680	3,267	(3,763)	16,650	199,167	236,798	241,732	(37,632)	(42,565)	284,158	70%
Depreciation	22,917	22,917	20,379	-	2,538	229,167	229,167	203,788	-	25,379	275,000	83%
Administrative Expenses	21,030	25,966	20,368	(4,935)	663	253,110	259,657	247,617	(6,547)	5,494	311,588	81%
Total Expenses	\$ 164,108	\$ 215,845	\$ 167,212	\$ (51,737)	\$ (3,103)	\$ 2,192,013	\$ 2,158,448	\$ 2,216,215	\$ 33,565	\$ (24,202)	\$ 2,590,137	
Net Fund Change	\$ 3,388	\$ (22,557)	\$ 14,833	\$ 25,945	\$ (11,445)	\$ (203,197)	\$ (225,573)	\$ (222,132)	\$ 22,376	\$ 18,935	\$ (270,688)	

City of South Haven

Agreed Upon Procedures Report of the Utility Billing Process

April 8, 2014



Vredeveld Haefner LLC

CPA's

CITY OF SOUTH HAVEN
Agreed Upon Procedures of the Utility Billing Process

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**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED UPON PROCEDURES**

April 8, 2014

Brian Dissette, City Manager
City of South Haven
539 Phoenix Street
South Haven, MI 49090

We have performed the procedures enumerated below which were agreed to by the Council and City Manager of the City of South Haven (the City) to assist in respect to certain aspects of the utility billing process. Financial information, nonfinancial information and assumptions utilized during these agreed upon procedures were provided by Management of the City. The Agreed upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures performed is solely the responsibility of the City. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which the report has been requested or for any other purpose. We performed the following procedures:

- Determine the total value of liens placed onto properties as security for uncollected utility billing debt for the year ended June 30, 2013
- Report total of accounts written off for each of the utility funds for the year ended June 30, 2013
- Document how lien amounts are paid to and processed by the City
- Determine the collections from liens are paid to the correct utility fund when received
- Determine how written-off accounts are maintained

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the general ledger transaction detail, general ledger account balances and/or financial statements. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Council and Management of the City of South Haven and is not intended to be and should not be used by anyone other than these specified parties.

Vredeveld Haefner LLC

Specializing in services to governmental and nonprofit entities

CITY OF SOUTH HAVEN

Agreed Upon Procedures of the Utility Billing Process

Procedure 1 - Determine the total value of liens placed onto properties as security for uncollected utility billing debt for the year ended June 30, 2013.

- The following balances of liens were placed on City properties for delinquent utility bills during fiscal year 2013. There were no liens placed on neighboring township properties for delinquent City of South Haven utility bills during fiscal year 2013. The explanation provided by City staff regarding no liens being placed on township properties for the Winter tax levy was that the City delayed liens on local township properties due to the time requirements of data conversion relating to the change in financial software. Liens were placed on both City and neighboring township properties for delinquent utility bills during fiscal year 2014.

	Liens placed on City properties
Electric Utility	\$40,781.68
Sewer Utility	3,253.46
Water Utility	2,852.67
Total	<u>\$46,887.81</u>

Procedure 2 - Report total of accounts written off for each of the utility funds for the year ended June 30, 2013.

- Utilizing the complete general ledger transaction detail provided by City staff we have summarized the amount posted to the bad debt expense account (accounts written off) for each utility fund during fiscal year 2013 as follow:

	Utility bills receivable written off
Electric Utility	\$ 306.84
Sewer Utility	2,158.64
Water Utility	-
Total	<u>\$2,465.48</u>

Procedure 3 - Document how lien amounts are paid to and processed by the City

- We reviewed the City “Delinquent utility charges transferred to tax procedure” provided by City staff during the agreed upon procedures engagement. We discussed the collection of delinquent utility bills with City staff. We also reviewed various accounting system transactions related to the collection of delinquent utility bills utilizing the lien process. Following are the significant aspects of the process:
 - Twice a year, in advance of tax billing dates, delinquent utility bill reports (delinquent reports) are produced in the BSA utility billing module identifying all customers which are more than six months delinquent in the payment of utility bills.

CITY OF SOUTH HAVEN

Agreed Upon Procedures of the Utility Billing Process

- Delinquent reports are reviewed and the utility billing module is updated to assure that the required parcel identification is included for each delinquent account.
- Delinquent reports are reviewed and those customers with payment arrangements in good standing are excluded from further action.
- Township customers (Casco, Covert, Geneva and South Haven Townships):
 - Delinquent reports are produced and exported to Microsoft Excel (Excel) for township customers.
 - Within Excel the delinquent customer records are segregated into a tab for each township. Each record is formatted to provide the information necessary for county tax bill printing.
 - The Excel tab for each township is printed along with a delinquent township certificate and a cover letter for delinquents which requests liens be placed on real property for delinquent utility bills. The printed documents are mailed to each township at least one full month before the tax billing dates.
 - A utility billing system process is run to post “transfer to tax adjustments” to applicable delinquent utility accounts which were provided to the townships for billing through the property tax collection process.
- City customers
 - A utility billing system process is run to post “transfer to tax adjustments” to applicable delinquent utility accounts which automatically posts information to the BSA tax module for collection through the property tax collection process.
- All customers:
 - Property tax bills for each parcel include applicable delinquent utility lien information and required payment information.
 - A reconciliation is performed to verify that all utility accounts on the utility billing register with “transfer to tax adjustments” have been included in the City or township property tax collection process.
 - Transactions are posted to the accounting system to remove the utility bills subject to lien amounts from the various “utility bills receivable” accounts and to report a corresponding addition to the “special assessments receivable” accounts.
- Payments of lien amounts are received from either City customers, township governments or counties at the completion of the property tax settlement process. Following are the significant aspects of these payments:
 - City customers
 - Payments of liens for delinquent utility bills collected by the City are processed with property tax payments and posted to the BSA property tax module when received. The balances received in the property tax module are posted to the City general ledger property tax collection fund (703).

CITY OF SOUTH HAVEN

Agreed Upon Procedures of the Utility Billing Process

- The balance of liens collected with property tax payments are distributed from fund 703 to applicable funds bimonthly resulting in a reduction of the balance of the “special assessments receivable” accounts.
- Annually the counties pay the City the balance of any uncollected liens and property taxes with the counties then becoming responsible for collection of the outstanding balances. These payments by counties ultimately reduce the balance of special assessment receivable at the City to zero.
- Township customers
 - Townships receive information from the City required to place a lien on township properties for delinquent utility bills. Townships prepare and distribute property tax bills. Townships then collect delinquent utility subject to liens along with property taxes following the same procedure utilized by the City. The counties make the townships whole for any uncollected liens as described above for the City.
 - Agreements with all townships with the exception of Casco Township provide for townships to retain 50% of delinquent electric utility bills collected through the lien process. In the case of Casco Township there is currently no agreement in place for delinquent electric utility bills to be collected by the township. Agreements relating to the township placement of liens and collection of delinquent water and sewer utility bills specify that 100% of the delinquent accounts must be remitted to the City.
 - Townships distribute liens collected with property taxes to the City twice a month. Any township liens uncollected at the time of property tax settlement with the counties are paid in full by the counties to the townships. The townships pay the City uncollected liens subsequent to the counties’ settlement process.

Procedure 4 - Determine the collections from liens are paid to the correct utility fund when received

- Utilizing the complete general ledger transaction detail provided by City staff we reviewed the journal entries utilized to account for the process of collecting delinquent utility bills utilizing liens on property. The journal entries recorded when liens are placed on City customer property for delinquent utility bills resulted in each utility fund receiving the balance of utility bills subject to lien in cash at or near the lien date (depending on the journal entry date). The balance of cash received in each utility fund was equal to each fund’s reduction in utility bills receivable (the amount of delinquent utility billings subject to lien). Cash provided to each fund was provided by the City general fund which reported the entire balance of utility bills subject to lien (special assessments receivable). This treatment simplified the receipting and distribution process by allowing all special assessment balances collected through the property tax collection process to be posted directly to the general fund cash and special assessments receivable account balances. The counties paid the City 100% of any uncollected delinquent utility bills subject to lien at settlement which

CITY OF SOUTH HAVEN

Agreed Upon Procedures of the Utility Billing Process

results in the City general fund being made whole for the special assessment receivable balance shortly after the tax settlement date.

- In short, each utility fund received payment on delinquent City utility bills subject to lien on or near the lien date. The City general fund then reported the balance of utility billings subject to lien (special assessments receivable) until collection occurs by the City or the Counties.
- The following are select fiscal year 2013 transactions which support the above narrative:
 - Transactions #16404 & #16382 move the balance of City customer utility billings subject to lien from the utility funds to the general fund.
 - Multiple transactions (internal) distribute the balance of utility billings subject to lien collected through the City tax collection process. Daily collections of delinquent City utility bills subject to lien were receipted into City fund 703 (tax collection fund). The balance of fund 703 collections were distributed to the general fund bi-monthly.
 - Transactions #17437 and #17457 record the receipt of the delinquent tax settlement payment from the counties into fund 703 and the subsequent distribution of these funds to the City general fund.

<u>Entry Number</u>	<u>Electric Utility</u>		<u>Sewer Utility</u>		<u>Water Utility</u>		<u>General fund</u>	
	<u>Cash</u>	<u>Receivable</u>	<u>Cash</u>	<u>Receivable</u>	<u>Cash</u>	<u>Receivable</u>	<u>Cash</u>	<u>Receivable</u>
#16404&16382	\$40,782	\$(40,782)	\$3,253	\$(3,253)	\$2,853	\$(2,853)	\$(46,888)	\$ 46,888
Internal	-	-	-	-	-	-	14,512	(14,512)
#17437&17457	-	-	-	-	-	-	32,376	(32,376)
Total	\$40,782	\$(40,782)	\$3,253	\$(3,253)	\$2,853	\$(2,853)	\$ -	\$ -

Procedure 5 - Determine how written-off accounts are maintained

- The City does not track utility account balances that have been written off. There is currently no process in place to attempt to collect written off balances. Following is a summary of utility account balances that are subject to write off:
 - Nearly 100% of delinquent utility bills are collected through the lien on property process. Agreements with neighboring townships assure collection of non-city delinquent utility bills subject to lien with the exception of delinquent electric bills. The agreements with townships provide that 50% of delinquent electric bills collected by a township through a lien on property process are retained by the township with the exception of Casco Township. Casco Township does not have an agreement with the City regarding the collection of delinquent electric bills utilizing liens on property. The 50% of delinquent electric utility bills subject to the lien on property process which is retained by townships is written off with no recourse for City collection. Delinquent electric utility bills in Casco Township are also subject to write off.
 - Occasionally a utility customer account balance will be subject to court action in a foreclosure or bankruptcy. The court action in these instances can result in utility

CITY OF SOUTH HAVEN

Agreed Upon Procedures of the Utility Billing Process

account balances being deemed uncollectable which result in the balance being written off by the City.

- Payments received during the settlement process with counties for the collection of delinquent property taxes and lien amounts are subject to periodic charge backs by the counties. In the case where a property is sold by the county at tax sale for less than the balance due for liens and property taxes, the City will be required to repay the balance of property taxes and liens which the county was unable to recoup at the property sale. The amount of charge backs of liens by counties are written off with no recourse by the City for collection. Van Buren County made direct payments to the City of \$733,599.51 (including \$32,375.59 for delinquent utility bills) during the fiscal year 2013 delinquent property tax settlement process. Property tax charge backs of \$19,030.39 and utility bill charge backs of \$0 were net from the direct payment made to the City.



City of South Haven

Agenda Item #9

Unresolved Issues

New items shown in **bold** text.

Completed items shown with single ~~strike through~~ text for one meeting, then double ~~strike through~~ text for the next meeting, then removed from the list.

ACTION ITEMS

- 3/26/12 – Stickland requested that staff provide the utility policy concerning tampering fees for review at the next meeting. Addressed under agenda item 15 at the April 30, 2012 meeting. MMEA was contacted requesting their assistance in contacting fellow members for their policies regarding meter tampering, disconnection or tampering with service feeders/pipes, theft of service, and unsealed meter showing consumption. No response has been received from MMEA. City staff is contacting fellow IMMUDA members plus Holland, Lowell, and Coldwater. Policies have been received from Bluffton, IN; Coldwater, MI; Holland BPW; Lowell Light & Power; Niles, MI; Sturgis, MI; Zeeland BPW. These policies will be compiled and summarized and distributed to staff and the BPU for review and comment. Updating the Public Utilities Rules, Regulations and Policies (and Code of Ordinances) is one of City Council's adopted priorities for 2014-15.
- 4/30/12 – As a result of the tamper fee discussion with a resident, staff was requested to compile a list of electrical and plumbing contractors licensed to work in South Haven for the purpose of sending notification letters concerning the tamper policy. City staff contacted the State of Michigan and Michigan Township services, but they could not provide specific information. City of South Haven Building Services has a bulletin board available for posting notices. Suggestion was made to add it to the building permit form or instructions. Start with the City and then work with the townships.



City of South Haven

Agenda Item #10

Electric Rate Review

Background Information:

At the April 28, 2014 regular meeting, the Board reviewed budgets and utility rates for the 2014-2015 fiscal year. At that point in time, staff proposed keeping electric rates unchanged during the upcoming year. After additional review of the rates, staff is now recommending the following minor reductions for two of the four electric rate classes:

Commercial

This rate class applies to non-residential customers that operate a business or other commercial venture. Business customers in this rate class typically use more energy than a residential customer, but not enough to warrant being on the Commercial Power rate class.

This rate class currently includes a power usage rate of \$0.115 per kWh and a fixed monthly fee of \$6.80 per month. The City commonly compares its rates to those offered by Consumers Energy. The City's current Commercial Rate is approximately 8% below that offered by Consumers Energy. In an effort to remain competitive, it is recommended that the power usage rate be reduced to \$0.11 per kWh. This would place our Commercial Rate approximately 10% below that offered by Consumers Energy.

Based on EIA data from 2013, there are approximately 1,128 customers in the Commercial rate class that purchased 19,545,799 kWh of electricity. Reducing the commercial rate to \$0.11 per kWh would result in an approximate reduction in revenue of \$98,000 per year.

There are no other changes recommended for this rate class. If desired, the monthly fee could be increased to offset some of the revenue reduction.

Industrial and Municipal

This rate class applies only to large customers who have elected to provide and maintain their own electric transformer. The electric utility does not service or replace customer owned transformers. As a result of this requirement, only 20 customers have selected this rate class.

The rate class is currently includes a power usage rate of \$0.0533 per kWh for the first 200 kWh of consumption and \$0.0468 per kWh for power usage above 200 kWh. The tiered rate structure was implemented due to constraints imposed by an old billing software system that is no longer in use at the City.

It is recommended that the tiered rate of \$0.0533 per kWh for the first 200 kWh be eliminated and that a fixed rate of \$0.0468 per kWh be charged for all power usage. The demand charge and energy optimization surcharge would remain unchanged. This would result in an approximate reduction in revenue of \$26 per month or \$312 per year.

Recommendation:

Approve a recommendation to City Council setting utility rates for the 2014-2015 fiscal year per the attached draft Utility Rate Ordinance. The draft ordinance includes the 2% increase in water rates and 4% increase in sewer rates approved by the Board at their April 28, 2014 regular meeting.

Support Material:

- Residential Electric Rate Comparison
- Commercial Electric Rate Comparison – Existing Rates
- Commercial Electric Rate Comparison – Proposed Rates
- Draft Utility Rate Ordinance

Residential Electric Rate Comparison

Excludes Surcharges, Sales Tax, Fuel Costs, or other Misc. Fees

South Haven Electric - Residential

Power Usage Rate \$0.100
 Monthly Fixed Charge \$5.50

Consumers Energy - Residential (RS)

Power Usage Rate \$0.127585 June - Sept, first 600 kWh
 \$0.162585 June-Sept, over 600 kWh
 \$0.127585 Oct - May
 Monthly Fixed Charge \$7.00

Month	Usage (kWh)	South Haven			Consumers Energy		
		Power Usage Charge	Monthly Charge	Total	Power Usage Charge	Monthly Charge	Total
Jan-13	762	\$76.20	\$5.50	\$81.70	\$97.22	\$7.00	\$104.22
Feb-13	738	\$73.80	\$5.50	\$79.30	\$94.16	\$7.00	\$101.16
Mar-13	656	\$65.60	\$5.50	\$71.10	\$83.70	\$7.00	\$90.70
Apr-13	547	\$54.70	\$5.50	\$60.20	\$69.79	\$7.00	\$76.79
May-13	836	\$83.60	\$5.50	\$89.10	\$106.66	\$7.00	\$113.66
Jun-13	780	\$78.00	\$5.50	\$99.52	\$105.82	\$7.00	\$112.82
Jul-13	890	\$89.00	\$5.50	\$113.55	\$123.70	\$7.00	\$130.70
Aug-13	796	\$79.60	\$5.50	\$101.56	\$108.42	\$7.00	\$115.42
Sep-13	904	\$90.40	\$5.50	\$115.34	\$125.98	\$7.00	\$132.98
Oct-13	806	\$80.60	\$5.50	\$86.10	\$102.83	\$7.00	\$109.83
Nov-13	594	\$59.40	\$5.50	\$64.90	\$75.79	\$7.00	\$82.79
Dec-13	865	\$86.50	\$5.50	\$92.00	\$110.36	\$7.00	\$117.36
Annual Totals	9,174	\$917.40	\$66.00	\$1,054.36	\$1,204.41	\$84.00	\$1,288.41
Savings				\$234.05			
% Savings				18.17%			

Commercial Electric Rate Comparison - Existing

Excludes Surcharges, Sales Tax, Fuel Costs, or other Misc. Fees

South Haven Electric - Commercial

Power Usage Rate \$0.115

Monthly Fixed Charge \$6.80

Consumers Energy - General Services (GS)

Power Usage Rate \$0.136755 June - Sept

\$0.127743 Oct - May

Monthly Fixed Charge \$20.00

Month	Usage (kWh)	South Haven			Consumers Energy		
		Power Usage Charge	Monthly Charge	Total	Power Usage Charge	Monthly Charge	Total
Jan-13	1,876	\$215.74	\$6.80	\$222.54	\$239.65	\$20.00	\$259.65
Feb-13	1,929	\$221.84	\$6.80	\$228.64	\$246.42	\$20.00	\$266.42
Mar-13	1,631	\$187.57	\$6.80	\$194.37	\$208.35	\$20.00	\$228.35
Apr-13	1,789	\$205.74	\$6.80	\$212.54	\$228.53	\$20.00	\$248.53
May-13	1,763	\$202.75	\$6.80	\$209.55	\$225.21	\$20.00	\$245.21
Jun-13	2,491	\$286.47	\$6.80	\$340.66	\$340.66	\$20.00	\$360.66
Jul-13	3,044	\$350.06	\$6.80	\$416.28	\$416.28	\$20.00	\$436.28
Aug-13	6,644	\$764.06	\$6.80	\$908.60	\$908.60	\$20.00	\$928.60
Sep-13	5,990	\$688.85	\$6.80	\$819.16	\$819.16	\$20.00	\$839.16
Oct-13	3,742	\$430.33	\$6.80	\$437.13	\$478.01	\$20.00	\$498.01
Nov-13	2,470	\$284.05	\$6.80	\$290.85	\$315.53	\$20.00	\$335.53
Dec-13	2,742	\$315.33	\$6.80	\$322.13	\$350.27	\$20.00	\$370.27
Annual Totals	36,111	\$4,152.77	\$81.60	\$4,602.43	\$4,776.67	\$240.00	\$5,016.67
Savings				\$414.23			
% Savings				8.26%			

Commercial Electric Rate Comparison - Proposed

Excludes Surcharges, Sales Tax, Fuel Costs, or other Misc. Fees

South Haven Electric - Commercial

Power Usage Rate \$0.110

Monthly Fixed Charge \$6.80

Consumers Energy - General Services (GS)

Power Usage Rate \$0.136755 June - Sept

\$0.127743 Oct - May

Monthly Fixed Charge \$20.00

Month	Usage (kWh)	South Haven			Consumers Energy		
		Power Usage Charge	Monthly Charge	Total	Power Usage Charge	Monthly Charge	Total
Jan-13	1,876	\$206.36	\$6.80	\$213.16	\$239.65	\$20.00	\$259.65
Feb-13	1,929	\$212.19	\$6.80	\$218.99	\$246.42	\$20.00	\$266.42
Mar-13	1,631	\$179.41	\$6.80	\$186.21	\$208.35	\$20.00	\$228.35
Apr-13	1,789	\$196.79	\$6.80	\$203.59	\$228.53	\$20.00	\$248.53
May-13	1,763	\$193.93	\$6.80	\$200.73	\$225.21	\$20.00	\$245.21
Jun-13	2,491	\$274.01	\$6.80	\$340.66	\$340.66	\$20.00	\$360.66
Jul-13	3,044	\$334.84	\$6.80	\$416.28	\$416.28	\$20.00	\$436.28
Aug-13	6,644	\$730.84	\$6.80	\$908.60	\$908.60	\$20.00	\$928.60
Sep-13	5,990	\$658.90	\$6.80	\$819.16	\$819.16	\$20.00	\$839.16
Oct-13	3,742	\$411.62	\$6.80	\$418.42	\$478.01	\$20.00	\$498.01
Nov-13	2,470	\$271.70	\$6.80	\$278.50	\$315.53	\$20.00	\$335.53
Dec-13	2,742	\$301.62	\$6.80	\$308.42	\$350.27	\$20.00	\$370.27
Annual Totals	36,111	\$3,972.21	\$81.60	\$4,512.72	\$4,776.67	\$240.00	\$5,016.67
Savings				\$503.94			
% Savings				10.05%			

CITY OF SOUTH HAVEN
VAN BUREN AND ALLEGAN COUNTIES, MICHIGAN

ORDINANCE NO. ____

AN ORDINANCE TO AMEND RATES FOR THE CITY OF SOUTH HAVEN UTILITIES

The City of South Haven Ordains:

SECTION 1

That Section 86-36 regarding electric rates of the Code of Ordinances for the City of South Haven is hereby amended to read as follows:

Sec. 86-36. Electric rate structure.

The following are the electrical charges and rates for electrical service customers:

- (1) *Residential customers.* Basic electric charge: \$5.50/month; power usage rate: \$0.10/kWH; energy optimization surcharge \$0.001612/kWH.
- (2) *Commercial customers.* Basic electric charge: \$6.80/month; power usage rate: \$0.11/kWH; energy optimization surcharge \$0.002126/kWH.
- (3) *Commercial power customers.* Power usage rate: \$0.0563/kWH; demand charge: \$11.95/kw; minimum demand: 15 kw/month; primary metered customers: rebate of two percent of power usage and demand; energy optimization surcharge \$0.002126/kWH.
- (4) *Industrial and municipal customers.* Power usage rate: \$0.0468/kWH; demand charge: \$11.95/kw; minimum demand: 15 kw/month; primary metered customers: rebate of two percent of power usage and demand; energy optimization surcharge \$0.002126/kWH.
- (5) *Unmetered Security/Street Lighting.* 150 Watt Lights - \$9.00/Month. 250 Watt Lights - \$15.00/Month.

The Energy Optimization Surcharge shall terminate on December 31, 2015.

SECTION 2

That subsections 86-71 and 86-72 regarding water rates of the Code of Ordinances for the City of South Haven are hereby amended to read as follows:

Section 86-71. Standby charge.

The water standby service fee is based on the size of the water meter used or installed, is the minimum charge, is payable in advance, and is additional to the charge for water use. Such charge is to include the cost of debt service, capital replacement funding, capital improvement and the readiness to serve costs. Such charge is made whether or not the water meter is turned off. Such charges shall be as follows:

Ordinance No. ____

	Meter Size Inches	Plant Replacement	City Capital Improvement	Capital Replacement	Ready to Serve	Total
(1)	5/8" or 3/4" meter	\$19.07	\$4.04	\$1.92	\$6.75	\$31.78
(2)	1" meter	\$25.46	\$5.39	\$2.57	\$9.00	\$42.42
(3)	1 1/4" meter	\$36.41	\$7.70	\$3.64	\$12.87	\$60.62
(4)	1 1/2" meter	\$47.41	\$10.03	\$4.76	\$16.75	\$78.95
(5)	2" meter	\$67.73	\$14.34	\$6.79	\$23.94	\$112.80
(6)	3" meter	\$118.73	\$25.08	\$11.90	\$41.90	\$197.61
(7)	4" meter	\$177.85	\$37.64	\$17.89	\$62.85	\$296.23
(8)	6" meter	\$279.42	\$59.12	\$28.09	\$98.76	\$465.39
(9)	8" meter	\$439.16	\$93.02	\$44.09	\$155.24	\$731.51

Section 86-72. Water usage rate.

In addition to the standby charge for water, a usage charge is levied which is based solely on the amount of water which is registered on the water meter each billing period. This rate shall be as follows:

- (1) 1st 2,500 cubic feet: \$2.1700 per 100 cubic feet
- (2) Over 2,500 but not over 25,000 cubic feet \$1.9700 per 100 cubic feet
- (3) Over 25,000 cubic feet \$1.9100 per 100 cubic feet

SECTION 3

That Sections 86-171 and 86-172 regarding sewer rates of the Code of Ordinances for the City of South Haven are hereby amended to read as follows:

Section 86-171. Sewer standby service fees.

The sewer standby service fee is based on the size of the water meter used or installed, is the minimum charge, is payable in advance, and is additional to the charge for sewer use. Such charge is to include the cost of debt service, capital replacement funding, capital improvement and the readiness to serve costs. Such charge is made whether or not the sewer is in use.

	Meter Size (inches)	Debt Service	Capital Replacement	City Capital Improvement	Ready to Serve	Total
(1)	5/8" or 3/4" meter	\$ 5.73	\$ 2.02	\$ 6.14	\$ 8.39	\$ 22.28
(2)	1" meter	\$ 7.63	\$ 2.68	\$ 8.17	\$ 11.21	\$ 29.69
(3)	1 1/4" meter	\$ 10.95	\$ 3.83	\$ 15.26	\$ 16.05	\$ 46.09

(4)	1 1/2" meter	\$ 14.25	\$ 4.98	\$ 21.81	\$ 20.94	\$ 61.98
(5)	2" meter	\$ 20.36	\$ 7.12	\$ 29.90	\$ 29.85	\$ 87.23
(6)	3" meter	\$ 35.64	\$ 12.49	\$ 38.18	\$ 52.23	\$ 138.54
(7)	4" meter	\$ 53.47	\$ 18.73	\$ 57.27	\$ 78.37	\$ 207.84
(8)	6" meter	\$ 84.01	\$ 29.42	\$ 89.99	\$ 123.15	\$ 326.57

Section 86-172. Sewer usage rate.

(a) In addition to the standby service charge for sewer, a usage charge is levied which is based solely on the amount of water which is registered on the water meter each billing period. This rate is \$2.6800 per 100 cubic feet of water metered.

(b) The sewer usage volume charge for single-family and duplex residential structures for utility bills dated June 1 through September 30 will be based on the average monthly water use billed for the five month period from the November water meter readings through the April water meter readings with a minimum volume charge of 1,000 cubic feet per month. If a month's metered water use is less than the above referenced sewer usage volume calculation, that month's sewer usage volume charge will be based on the metered water use. For new connections with no history of usage, the minimum billing will apply.

SECTION 4

If any portion of this ordinance is for any reason held invalid, such decision shall not affect the validity of the remaining provisions of this ordinance.

SECTION 5

This ordinance shall be in full force and effect from and after its passage and publication as provided by law.

SECTION 4

This ordinance shall take effect ten (10) days after its adoption or upon its publication in the *South Haven Tribune*, whichever occurs later.

INTRODUCED by the City Council of the CITY OF SOUTH HAVEN, MICHIGAN on this 2nd day of June, 2014.

ADOPTED by the City Council of the CITY OF SOUTH HAVEN, MICHIGAN on this 16th day of June, 2014.

Robert G. Burr, Mayor

CERTIFICATION

I, Amanda Morgan, Clerk of the City of South Haven, Van Buren County, Michigan do hereby certify that the above Ordinance was adopted by the South Haven City Council on the 16th day of June, 2014; and the same was published in a paper of general circulation in the City, being the *South Haven Tribune*, on the ____ day of June, 2014.

Amanda Morgan, City Clerk

Ordinance No. ____

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