

# Board of Public Utilities

## Regular Meeting Agenda

Monday, June 29, 2015  
4:00 p.m., DPW Conference Room  
1199 8<sup>th</sup> Avenue



City of South Haven

1. Call to Order
2. Roll Call
3. Approval of Agenda
4. Approval of Minutes for the Record – May 18, 2015 Regular Meeting Minutes
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. 2015 Billings – All Charges
- B. 2014 Billings – All Charges

#### 7. Financial Reports

- A. Electric Fund – Financial Statement
- B. Electric Fund – Review of Percentage Billed
- C. Electric Fund – Capital Projects
- D. Water Fund – Financial Statement
- E. Water Fund – Review of Percentage Billed
- F. Sewer Fund – Financial Statement

#### 8. Unresolved Issues Report

#### 9. SAW Grant Project Progress Report

### UNFINISHED BUSINESS

10. Board will be requested to review electric rates for the 2015-2016 fiscal year.
11. Board will be requested to review the DRAFT South Haven Area Water-Sewer Authority Contract (presented at the June 11, 2015 workshop) and provide comments.

NEW BUSINESS

**12. Board will be requested to review the opt-out provision of Public Act 95 of 2013 and make a recommendation to City Council.**

**13. Board will be requested to review a request to grant an exception to Sec. 86-156 of the Code of Ordinances and make a recommendation to City Council.**

**14. Public Works Director Comments**

A. Next Meeting is scheduled for July 27, 2015

**15. Board Member Comments**

**16. Adjourn**

RESPECTFULLY SUBMITTED,

Roger Huff, PE  
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, May 18, 2015  
4:00 p.m., DPW Conference Room  
1199 8<sup>th</sup> Avenue



City of South Haven

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

### 2. Roll Call

Present: Burr, Henry, Overhiser (ex-officio), Stein (ex-officio), Winkel, Stickland

Absent: Roberts, Rose

Also present: Lou Adamson, Matt Super, Mike DeGrandchamp, Al Dubuisson (South Haven Township and Casco Township Water and Sewage Treatment Authority)

### 3. Approval of Agenda

Henry asked if the Abonmarche presentation could be moved up in the agenda.

Motion by Henry, second by Winkel to approve the May 18, 2015 regular meeting agenda as amended:

Move Item 6, Cost of Energy from Indiana-Michigan Power Company (AEP) to become Item 5a.

Move Item 10, Abonmarche update of the Sewer System Evaluation Study to become Item 5b.

All in favor. Motion carried.

### 4. Approval of Minutes for the Record – April 27, 2015 Regular Meeting Minutes

Motion by Henry, second by Burr to approve the April 27, 2015 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

Robert Adams, 10925 Portage Road, Portage, Michigan. Stated he owns a house on Edgell Street which had an abnormally high water bill. Was billed for over 10,000 cu. ft of usage. Noted that the water was shut down in the winter.

Roger Huff: Stated that Adams has been working with staff in the Water Department and Customer Service/Utility Billing. A public works crew was sent out; the meter was not turning when they inspected it but they replaced it anyway so they could test the original meter, which tested one hundred percent (100%). "There was no leak when our crew was out there."

Burr asked if anyone pressure tested the service to see if it holds. Halberstadt said that would be on the customer side to which Burr responded, "Yes, you test it at the meter." Halberstadt pointed out that the crew would have to be able to get in the house to test the system on the customer side. Roger added that staff read and reread over a couple weeks and got normal reads. There was not any sign of a leak.

Burr said a reading of 10,000 is obviously an incorrect read/usage amount. Discussion ensued regarding the reads before and after changing out the meter. Stickland noted that the time period of the billing was not even a full month.

Burr suggested looking at the last twelve (12) months and substituting an average of those readings for the inaccurate reading. Henry noted that seems like a reasonable solution. Stickland said the usage after the abnormal read appeared normal.

Hochstedler asked who does the pressure test of the service to which Roger responded, "City staff does but we don't test past the meter." Burr pointed out that the new meter is in place; the dials are not turning; everything is shut off in the house. Burr concludes that Adams evidently does not have a leak inside the house.

Motion by Henry to use the historical usage numbers to calculate a twelve (12) month consumption average. Second by Winkel.

Discussion of estimates and actual. All in favor. Motion carried.

## **5a. Cost of Energy from Indiana-Michigan Power Company (AEP)**

- A. 2015 Billings – All Charges
- B. 2014 Billings – All Charges

Discussion ensued regarding the increase in the true-up from last year to this year. Multiple questions were posed regarding how the cost per kilowatt hour is calculated and what the increase in cost equates to in dollars. Burr stated before the board adjusts any rates we have to know what the increase is.

Stickland gave a couple of scenarios of how the rates could be adjusted to which Burr responded that the transmission fee has to be captured. After further questions and discussion, Stickland noted that the board will table this discussion until next month.

#### **5b. Abonmarche will present an update of the Sewer System Evaluation Study.**

Chris Cook, P. E., President/Chief Executive Officer, Abonmarche. Noted this is a new and revised presentation; new information was received and is noted in this draft. Informed that this project was a grant that funded the study to figure out what is going on with the sewer systems. The Department of Environmental Quality (DEQ) requires that a theoretical storm be modeled and tested. Explained what the data showed and did sewer televising to define whether the pipes met a certain criteria for cracks, displaced joints, root intrusions etc. which culminated into this plan. Noted this study began in 2011 and Cook expects to have it complete and ready for review by council in June before the July grant application deadline.

Cook explained why they smoke tested certain areas and the areas that were televised to find problematic areas. Combined thoughts on sewer system with the thoughts from the previous study on the Waste Water Treatment Plant. Looked at a program that might take us over twenty (20) years to accomplish but meet the goal of the city to keep the costs to about \$1M per year; some years were problematic as projects got bigger. Noted the Dyckman area has already been done. Reviewed the various years and what is budgeted for those years to be funded. Stepped through the various phased areas; noted the city would be into the late 2020s before all the work could be complete in the system and beyond that date for the Waste Water Treatment Plant.

Cook reviewed the various years and in the later years some of the projects have to exceed the \$1M per year to accomplish the larger projects. Cook also explained the benefits of combining some of the projects rather than using the pay-as-you-go approach.

Explained the Alternative Phasing beginning with Dyckman (already complete), then the Peterson Ravine and Kalamazoo Street which are budgeted for 2016. After the first segment, Abell, Edgell and Lyon at one per year for three (3) years, which are about four hundred thousand dollar (\$400,000) projects, the plan gives a few years to catch up; pay off initial debt and get ready for the next project, which would be completion of Indiana Avenue and north and south ends of Center Street. Cook noted that the center portion of Center Street is being studied at present; the city is currently putting a cap on that street that will last for the ten (10) years we need. Then the last couple of Waste Water Treatment Plant projects would be done.

Tony McGhee, Business Development Director, Abonmarche: Noted that the cost of treating the extraneous flow is higher than actually fixing the problem.

Cook noted that they have engaged a rate consultant to do a detailed analysis.

Burr requested that Cook show everyone what projects qualify for township users rates to change. Looking at the overall project map, Cook noted that the Indian Grove lift station, the main lift station consolidation and all the plant work are the projects that will affect the township rates.

Dubuisson asked how you figure out what percentage of the rate change will be city and what will be township. Cook responded that it is based on each user. Stickland commented that technically the township should share in the drain work to which Cook said, "Arguably, but the city has that budgeted, and it's only a sixty-three thousand (63,000) to eighty-three thousand (83,000) dollar project."

There were questions and discussion regarding capacity to handle the needs and Cook noted that they have built in accommodation for growth.

Super asked questions and expressed concern about the lack of budgeting in the past for these projects and the cost of the studies being conducted. Stein noted that twenty (20) years ago when the water and sewer agreement was made, the infiltration rate was much higher. "They have been working on the infiltration problem; there is funded depreciation. It is tough, at least politically, to sell putting the money aside." Overhiser noted there is funded depreciation with the water plant; it was easy to keep rates low back then; people do not want to pay any more than they have to. Stickland pointed out the differences between running a city and running a business.

DeGrandchamp and Dubuisson indicated that they like the second alternative where the projects are completed sooner. Cook noted that the cost ends up being less. Stein noted these numbers are all today's numbers. Discussion ensued regarding the costs rising in the future and the need to do these projects.

At Burr's request, Cook explained that the rate consultant has been engaged and we will have them do a sensitivity analysis of the first segment, noting that in a month or so "we hope to have the results of that. Over the remainder of the calendar year, the rate consultant will look deeper to see how this will shake out and look at what we can do to reduce the impact on the users. There will also be a commercial, industrial, residential breakdown."

Burr asked if a consensus from this group regarding the phasing of the project is needed. Stickland noted procrastination is not a good plan.

Cook explained the required steps: a public hearing where he will do a similar presentation with the addition of some environmental and other things. At that point we will look for council to adopt the plan to be sent to the Department of Environmental Quality (DEQ). July 1<sup>st</sup> is the deadline for submittals for this fiscal year; you hear in October whether you made the cut; your borrowing goes into earnest of filling out the forms to borrow for a

spring/summer borrowing. Dubuisson asked the probability of making the cut to which Cook responded, that there is a good probability; "The DEQ is looking for applications and that is not always the case."

Overhiser brought up what he sees as a missing piece: how future capacity will be handled for the township. Discussion ensued regarding the new plant construction. Halberstadt said if the city takes on debt and need to recover that debt, somehow we need to raise rates. Super asked if the townships will be on equal footing with the city. Halberstadt noted Stein and the City Manager are in discussions regarding that. Stein said we want to know if the Water and Sewer authority is in agreement to go with the second alternative plan for the funding.

Motion by Henry that the Board of Public Utilities supports the South Haven Sewer System Evaluation Study prepared by Abonmarche that the projects be broken down into three (3) separate projects over a ten (10) year period and that members of the South Haven Township and Casco Township Water and Sewer Authority were in general agreement with proceeding with this plan. Second by Burr.

All in favor. Motion carried.

## REPORTS

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

(moved to 5a.)

### **7. Financial Reports**

- A. Electric Fund – Financial Statement
- B. Electric Fund – Review of Percentage Billed
- C. Electric Fund – Capital Projects
- D. Water Fund – Financial Statement
- E. Water Fund – Review of Percentage Billed
- F. Sewer Fund – Financial Statement

Motion by Burr, second by Winkel to accept the Financial Reports.

All in favor. Motion carried.

### **8. Unresolved Issues Report**

Huff noted no changes in the report.

### **9. SAW Grant Project Progress Report**

**NEW BUSINESS**

**10. Abonmarche will present an update of the Sewer System Evaluation Study.**

(moved to 5b.)

**11. Public Works Director Comments**

A. Next Meeting is scheduled for June 29, 2015

**12. Board Member Comments**

Winkel: Questioned how to prevent storm water being plumbed into the sanitary sewer.

**13. Adjourn**

Motion by Winkel, second by Burr to adjourn at 6:45 p.m.

RESPECTFULLY SUBMITTED,

Marsha Ransom  
Recording Secretary

**From:** [Kim Eastman](#)  
**To:** [Roger Huff](#)  
**Subject:** RE: Marilyn Miller/BPU  
**Date:** Friday, June 19, 2015 8:36:28 AM  
**Attachments:** [Miller Sprinkler History.png](#)

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Marilyn Miller has not had usage on her sprinkler register for the last couple years. I've attached a history screen. When the high read came in for billing, I sent the water department out to check for a leak. That was the obvious thing due to no usage history. The crew said the read is correct and water has been used, and no leak. We only know the meter showed usage, but the remote did not. There was no phone # on the account to call her prior to mailing the bill. A phone # was added when she contacted us a couple weeks ago after receiving the bill. She admitted to the sprinkler system being used every summer, however, argues paying for the usage now. It is not uncommon for there to be no usage on many sprinklers out there, not everyone uses them regularly.

Let me know if you need anything else.

**Kim Eastman // Utility Billing Administrator**  
City of South Haven // Office 269-637-0708  
City Hall // 539 Phoenix Street, South Haven, MI 49090  
[www.south-haven.com](http://www.south-haven.com)

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**Account Services**

Service: **Water**

Account Information  
 Account #: 40967500      Cycle: 4  
 Customer: MILLER, MARILYN M      Route:  
 Address: 119 SOUTH ST SPR

1. Meter Settings    2. Options    3. Other

Meter Options	Meter Information
Read:      Date:      Type:	Type: METRON
Current: 0.00      / /      Auto Read	Size: 5/8
Previous (-): 40,690.00      05/26/2015	Serial Number: 5959
	Auto Meter ID: 00005959

Account Flag: Last Modified: 4/9/2015

Current / Previous Type	Current / Previous Usage
	0
	40690

Delete

History Summary Information

Print

Created	Posted	Action Performed	Read	Usage	Amount
05/28/2015	05/26/2015	Meter Read	40690A	40,690.00	\$0.00
04/29/2015	04/29/2015	Meter Read	0E	0.00	\$0.00
03/27/2015	03/27/2015	Meter Read	0E	0.00	\$0.00
02/26/2015	02/24/2015	Meter Read	0A	0.00	\$0.00
01/28/2015	01/27/2015	Meter Read	0A	0.00	\$0.00
12/29/2014	12/23/2014	Meter Read	0A	0.00	\$0.00
12/01/2014	11/25/2014	Meter Read	0A	0.00	\$0.00
10/29/2014	10/28/2014	Meter Read	0A	0.00	\$0.00
09/26/2014	09/26/2014	Meter Read	0A	0.00	\$0.00
08/28/2014	08/25/2014	Meter Read	0A	0.00	\$0.00
07/30/2014	07/30/2014	Meter Read	0E	0.00	\$0.00
06/27/2014	06/26/2014	Meter Read	0A	0.00	\$0.00
05/29/2014	05/28/2014	Meter Read	0A	0.00	\$0.00
04/28/2014	04/23/2014	Meter Read	0A	0.00	\$0.00
03/28/2014	03/19/2014	Meter Read	0A	0.00	\$0.00
02/27/2014	02/25/2014	Meter Read	0A	0.00	\$0.00
01/29/2014	01/22/2014	Meter Read	0A	0.00	\$0.00
12/30/2013	12/20/2013	Meter Read	0A	0.00	\$0.00
11/26/2013	11/26/2013	Meter Read	0A	0.00	\$0.00
10/30/2013	10/30/2013	Meter Read	0A	0.00	\$0.00
09/27/2013	09/26/2013	Meter Read	0A	0.00	\$0.00
08/29/2013	08/28/2013	Meter Read	0A	0.00	\$0.00
07/29/2013	07/26/2013	Meter Read	0A	0.00	\$0.00
06/26/2013	06/26/2013	Meter Read	0A	0.00	\$0.00
05/30/2013	05/29/2013	Meter Read	0A	0.00	\$0.00
04/29/2013	04/26/2013	Meter Read	0A	0.00	\$0.00
03/27/2013	03/26/2013	Meter Read	0A	0.00	\$0.00
02/27/2013	02/26/2013	Meter Read	0A	0.00	\$0.00
01/29/2013	01/28/2013	Meter Read	0A	0.00	\$0.00
12/28/2012	12/26/2012	Meter Read	0A	0.00	\$0.00
11/30/2012	11/30/2012	Meter Read	0A	0.00	\$0.00

Total Items: 72      Close

DPW\_PRINTER@south-haven.com

<no subject>

This E-mail was sent from "RNPD03155" (MP 4000/LD040).

Scan Date: 06.19.2015 08:25:39

Total Services: 1

Posting Date - 06/19/2015 [1] [420]

**CITY OF SOUTH HAVEN**  
 Cost of Electric Energy from Indiana-Michigan Power Company (AEP)  
**2015**

Date	ACTUAL				BILLING			COST				PJM Open Access Transmission Tariff						Total Cost	cts/ KWHR	
	KW Demand	KVAR Demand	KVA	Power Factor	KW Demand	KVAR Demand	KWHR	\$ KW Demand	\$ KWHR	\$ Fuel Charge	\$ Fuel Adjust	Actual Fuel True-up	Sch 1A \$ KWHR	\$ Network	RTO Start-up \$	Other	Credits			Total PJM
Main	12,069	2,877	12,407	0.9727	12,069	2,877	6,509,754	\$195,952.20	\$69,324.33											
Welder	352	256	435	0.8087	352	256	157,517	\$5,713.45	\$1,677.45											
Phoenix	9,449	2,710	9,829	0.9613	9,449	2,710	4,695,229	\$153,407.39	\$50,000.91											
May-15	<b>21,870</b>	<b>5,843</b>	<b>22,636</b>	<b>0.9661</b>	<b>21,869</b>	<b>5,843</b>	<b>11,362,501</b>	<b>\$355,073.04</b>	<b>\$121,002.68</b>	<b>\$202,133.20</b>	<b>(\$26,051.94)</b>	<b>\$190,579.23</b>	<b>\$1,488.72</b>	<b>\$63,830.75</b>	<b>\$164.28</b>	<b>\$10,490.61</b>	<b>(\$563.53)</b>	<b>\$75,410.83</b>	<b>\$918,147.04</b>	<b>8.081</b>
Main	10,537	1,286	10,615	0.9926	10,537	1,286	6,040,137	\$171,083.21	\$64,323.23											
Welder	390	310	498	0.7831	390	310	195,761	\$6,336.10	\$2,084.71											
Phoenix	7,096	851	7,147	0.9929	7,096	851	4,174,049	\$115,215.53	\$44,450.69											
Apr-15	<b>18,023</b>	<b>2,446</b>	<b>18,189</b>	<b>0.9909</b>	<b>18,024</b>	<b>2,446</b>	<b>10,409,946</b>	<b>\$292,634.84</b>	<b>\$110,858.64</b>	<b>\$185,187.73</b>	<b>(\$1,746.79)</b>	<b>\$69,775.22</b>	<b>\$1,363.92</b>	<b>\$61,771.70</b>	<b>\$158.98</b>	<b>\$10,490.59</b>	<b>(\$618.08)</b>	<b>\$73,167.11</b>	<b>\$729,876.75</b>	<b>7.011</b>
Main	11,515	1,311	11,589	0.9936	11,515	1,311	6,754,204	\$186,957.70	\$71,927.55											
Welder	332	28	333	0.9965	332	28	206,604	\$5,390.35	\$2,200.19											
Phoenix	8,000	1,092	8,074	0.9908	8,000	1,092	4,651,132	\$129,883.29	\$49,531.29											
Mar-15	<b>19,847</b>	<b>2,430</b>	<b>19,995</b>	<b>0.9926</b>	<b>19,847</b>	<b>2,430</b>	<b>11,611,940</b>	<b>\$322,231.35</b>	<b>\$123,659.03</b>	<b>\$206,570.61</b>	<b>(\$8,109.78)</b>	<b>(\$5,469.59)</b>	<b>\$1,521.40</b>	<b>\$63,830.75</b>	<b>\$164.28</b>	<b>\$10,490.61</b>	<b>(\$872.04)</b>	<b>\$75,135.00</b>	<b>\$714,016.62</b>	<b>6.149</b>
Main	12,184	1,570	12,285	0.9918	12,178	1,570	7,974,908	\$197,728.02	\$84,927.19											
Welder	408	367	548	0.7432	408	367	175,313	\$6,616.17	\$1,866.96											
Phoenix	8,257	1,195	8,343	0.9897	8,253	1,195	3,492,559	\$133,997.33	\$37,193.31											
Feb-15	<b>20,849</b>	<b>3,132</b>	<b>21,083</b>	<b>0.9889</b>	<b>20,839</b>	<b>3,132</b>	<b>11,642,780</b>	<b>\$338,341.52</b>	<b>\$123,987.46</b>	<b>\$207,119.25</b>	<b>(\$51,728.87)</b>	<b>(\$41,147.55)</b>	<b>\$1,525.44</b>	<b>\$57,653.58</b>	<b>\$148.38</b>	<b>\$10,490.61</b>	<b>(\$1,135.22)</b>	<b>\$68,682.79</b>	<b>\$645,254.60</b>	<b>5.542</b>
Main	12,325	1,739	12,447	0.9902	12,325	1,739	7,443,979	\$200,108.62	\$79,273.16											
Welder	331	309	453	0.7313	331	309	160,777	\$5,374.12	\$1,712.17											
Phoenix	8,581	1,288	8,677	0.9889	8,581	1,288	5,041,513	\$139,316.16	\$53,688.58											
Jan-15	<b>21,237</b>	<b>3,336</b>	<b>21,497</b>	<b>0.9879</b>	<b>21,237</b>	<b>3,336</b>	<b>12,646,269</b>	<b>\$344,798.90</b>	<b>\$134,673.91</b>	<b>\$224,970.80</b>	<b>\$16,637.43</b>	<b>\$100,270.82</b>	<b>\$1,656.92</b>	<b>\$63,830.75</b>	<b>\$164.28</b>	<b>\$10,490.61</b>	<b>(\$994.22)</b>	<b>\$75,148.34</b>	<b>\$896,500.20</b>	<b>7.089</b>

Year to Date 2015:

57,673,436

3,903,795 6.769

**CITY OF SOUTH HAVEN**  
 Cost of Electric Energy from Indiana-Michigan Power Company (AEP)  
 2014

Date	ACTUAL				BILLING			COST				PJM Open Access Transmission Tariff							Total Cost	cts/ KWH	
	KW Demand	KVAR Demand	KVA	Power Factor	KW Demand	KVAR Demand	KWHRS	\$ KW Demand	\$ KWH	\$ Fuel Charge	\$ Fuel Adjust	Actual Fuel True-up	Sch 1A \$ KWHRS	\$ Network	RTO Start-up \$	Other	Credits	Total PJM			
Main	11,432	1,646	11,550	0.9898	11,432	1,646	7,085,827	\$185,609.79	\$75,459.10												
Welder	333	269	428	0.7774	333	269	153,577	\$5,398.47	\$1,635.48												
Phoenix	8,053	1,020	8,117	0.9921	8,053	1,020	4,768,206	\$130,748.35	\$50,778.06												
Welder	0	0	0		0	0	0	\$0.00	\$0.00												
<b>Dec-14</b>	<b>19,818</b>	<b>2,935</b>	<b>20,034</b>	<b>0.9892</b>	<b>19,817</b>	<b>2,935</b>	<b>12,007,610</b>	<b>\$321,756.61</b>	<b>\$127,872.64</b>	<b>\$213,609.38</b>	<b>\$7,797.74</b>	<b>\$60,535.03</b>	<b>\$1,573.24</b>	<b>\$108,790.08</b>	<b>\$299.21</b>	<b>\$15,805.37</b>	<b>(\$1,585.52)</b>	<b>\$124,882.38</b>	<b>\$856,453.78</b>	<b>7.133</b>	
Main	12,007	1,673	12,123	0.9904	12,003	1,673	6,729,178	\$194,883.96	\$71,661.03												
Welder	352	355	500	0.7036	352	355	123,903	\$5,706.95	\$1,319.48												
Phoenix	7,901	939	7,957	0.9930	7,899	939	4,543,741	\$128,253.03	\$48,387.66												
Welder	6	7	9	0.6658	6	7	4,150	\$94.17	\$44.19												
<b>Nov-14</b>	<b>20,266</b>	<b>2,973</b>	<b>20,483</b>	<b>0.9894</b>	<b>20,260</b>	<b>2,973</b>	<b>11,400,971</b>	<b>\$328,938.11</b>	<b>\$121,412.36</b>	<b>\$202,817.57</b>	<b>(\$65,271.70)</b>	<b>(\$1,364.06)</b>	<b>\$1,493.76</b>	<b>\$105,280.72</b>	<b>\$289.56</b>	<b>\$16,026.12</b>	<b>(\$1,439.90)</b>	<b>\$121,650.26</b>	<b>\$708,182.54</b>	<b>6.212</b>	
Main	18,379	4,189	18,850	0.9750	18,369	4,189	9,061,510	\$298,233.08	\$96,498.74												
Welder	309	284	420	0.7354	309	284	142,496	\$5,010.43	\$1,517.48												
Phoenix	10	24	25	0.3782	5	24	2,118,777	\$74.69	\$22,563.49												
Welder	6	7	9	0.6658	6	7	4,282	\$94.17	\$45.60												
<b>Oct-14</b>	<b>18,703</b>	<b>4,503</b>	<b>19,238</b>	<b>0.9722</b>	<b>18,688</b>	<b>4,503</b>	<b>11,327,065</b>	<b>\$303,412.36</b>	<b>\$120,625.31</b>	<b>\$201,502.82</b>	<b>(\$33,179.24)</b>	<b>\$16,236.53</b>	<b>\$1,484.08</b>	<b>\$108,790.08</b>	<b>\$299.21</b>	<b>\$17,152.73</b>	<b>(\$1,357.26)</b>	<b>\$126,368.84</b>	<b>\$734,966.62</b>	<b>6.489</b>	
Main	16,115	5,015	16,877	0.9548	16,112	5,015	8,006,033	\$261,594.43	\$85,258.65												
Welder	265	254	367	0.7230	265	254	131,837	\$4,307.41	\$1,403.97												
Phoenix	11,860	4,871	12,821	0.9250	11,857	4,871	3,682,892	\$192,514.47	\$39,220.22												
Welder	6	7	9	0.6658	6	7	4,144	\$94.17	\$44.13												
<b>Sep-14</b>	<b>28,246</b>	<b>10,146</b>	<b>30,013</b>	<b>0.9411</b>	<b>28,240</b>	<b>10,146</b>	<b>11,824,906</b>	<b>\$458,510.48</b>	<b>\$125,926.97</b>	<b>\$210,359.17</b>	<b>(\$46,334.71)</b>	<b>\$11,060.21</b>	<b>\$1,549.30</b>	<b>\$105,280.72</b>	<b>\$289.56</b>	<b>\$17,328.13</b>	<b>(\$1,342.88)</b>	<b>\$123,104.83</b>	<b>\$882,626.95</b>	<b>7.464</b>	
Main	17,344	5,375	18,158	0.9552	17,344	5,375	8,324,249	\$281,597.27	\$88,647.42												
Welder	358	342	495	0.7237	358	342	116,920	\$5,814.11	\$1,245.12												
Phoenix	12,794	5,443	13,903	0.9202	12,794	5,443	6,038,441	\$207,716.97	\$64,305.17												
Welder	8	17	19	0.4368	8	17	6,431	\$136.38	\$68.49												
<b>Aug-14</b>	<b>30,504</b>	<b>11,177</b>	<b>32,487</b>	<b>0.9390</b>	<b>30,504</b>	<b>11,177</b>	<b>14,486,040</b>	<b>\$495,264.73</b>	<b>\$154,266.19</b>	<b>\$257,699.41</b>	<b>(\$38,669.04)</b>	<b>\$30,716.83</b>	<b>\$1,897.97</b>	<b>\$108,790.05</b>	<b>\$299.21</b>	<b>\$16,772.20</b>	<b>(\$1,567.24)</b>	<b>\$126,192.19</b>	<b>\$1,025,470.31</b>	<b>7.079</b>	
Main	16,930	5,025	17,660	0.9587	16,930	5,025	7,907,886	\$274,875.40	\$84,213.45												
Welder	251	125	280	0.8945	251	125	130,862	\$4,070.37	\$1,393.59												
Phoenix	12,527	4,460	13,298	0.9421	12,527	4,460	5,672,349	\$203,391.54	\$60,406.54												
Welder	8	18	20	0.4307	8	18	6,555	\$136.38	\$69.80												
<b>Jul-14</b>	<b>29,716</b>	<b>9,628</b>	<b>31,237</b>	<b>0.9513</b>	<b>29,716</b>	<b>9,628</b>	<b>13,717,651</b>	<b>\$482,473.68</b>	<b>\$146,083.38</b>	<b>\$244,030.16</b>	<b>(\$44,811.45)</b>	<b>\$27,682.40</b>	<b>\$1,797.29</b>	<b>\$108,790.05</b>	<b>\$299.21</b>	<b>\$16,658.83</b>	<b>(\$1,607.15)</b>	<b>\$125,938.23</b>	<b>\$981,396.40</b>	<b>7.154</b>	
Main	16,223	4,553	16,850	0.9628	16,223	4,553	7,323,514	\$263,396.55	\$77,990.30												
Welder	10	22	24	0.4238	10	22	131,334	\$165.61	\$1,398.61												
Phoenix	12,192	4,498	12,996	0.9382	12,192	4,498	5,285,671	\$197,955.73	\$56,288.70												
Welder	8	19	20	0.4134	8	19	6,421	\$136.38	\$68.38												
<b>Jun-14</b>	<b>28,434</b>	<b>9,092</b>	<b>29,852</b>	<b>0.9525</b>	<b>28,434</b>	<b>9,092</b>	<b>12,746,939</b>	<b>\$461,654.26</b>	<b>\$135,745.98</b>	<b>\$226,761.68</b>	<b>(\$44,703.52)</b>	<b>\$23,664.10</b>	<b>\$1,092.76</b>	<b>\$89,707.48</b>	<b>\$289.56</b>	<b>\$13,460.59</b>	<b>(\$1,301.93)</b>	<b>\$103,248.46</b>	<b>\$906,370.96</b>	<b>7.110</b>	
Main	12,148	2,693	12,443	0.9763	12,148	2,693	6,470,207	\$199,737.00	\$62,245.98												
Welder	242	210	321	0.7548	242	210	137,320	\$3,980.61	\$1,321.07												
Phoenix	9,104	2,965	9,575	0.9508	9,104	2,965	4,589,361	\$149,685.91	\$44,151.48												
Welder	9	25	27	0.3318	9	25	6,845	\$146.33	\$65.85												
<b>May-14</b>	<b>21,503</b>	<b>5,894</b>	<b>22,296</b>	<b>0.9644</b>	<b>21,503</b>	<b>5,894</b>	<b>11,203,733</b>	<b>\$353,549.86</b>	<b>\$107,784.39</b>	<b>\$168,627.37</b>	<b>(\$13,600.21)</b>	<b>\$16,585.82</b>	<b>\$960.46</b>	<b>\$92,697.73</b>	<b>\$299.21</b>	<b>\$11,967.29</b>	<b>(\$1,309.38)</b>	<b>\$104,615.31</b>	<b>\$737,562.54</b>	<b>6.583</b>	
Main	11,035	2,280	11,268	0.9793	11,035	2,280	6,200,288	\$181,437.72	\$59,649.25												
Welder	275	340	437	0.6288	275	340	140,285	\$4,518.26	\$1,349.59												
Phoenix	7,223	155	7,225	0.9998	7,223	155	4,026,846	\$118,767.39	\$38,739.87												
Welder	9	23	25	0.3693	9	23	6,598	\$149.62	\$63.48												
<b>Apr-14</b>	<b>18,542</b>	<b>2,798</b>	<b>18,752</b>	<b>0.9888</b>	<b>18,542</b>	<b>2,798</b>	<b>10,374,017</b>	<b>\$304,872.99</b>	<b>\$99,802.19</b>	<b>\$156,139.32</b>	<b>(\$11,636.53)</b>	<b>(\$12,558.64)</b>	<b>\$889.33</b>	<b>\$89,707.48</b>	<b>\$289.56</b>	<b>\$11,967.29</b>	<b>(\$1,364.68)</b>	<b>\$101,488.98</b>	<b>\$638,108.31</b>	<b>6.151</b>	
Main	11,756	1,283	11,826	0.9941	11,756	1,283	6,923,540	\$193,291.82	\$66,607.22												
Welder	242	304	388	0.6216	242	304	140,739	\$3,970.74	\$1,353.96												
Phoenix	7,975	1,170	8,060	0.9894	7,975	1,170	4,701,765	\$131,124.62	\$45,232.86												
Welder	9	26	27	0.3239	9	26	6,989	\$146.33	\$67.24												
<b>Mar-14</b>	<b>19,981</b>	<b>2,784</b>	<b>20,174</b>	<b>0.9904</b>	<b>19,981</b>	<b>2,784</b>	<b>11,773,033</b>	<b>\$328,533.52</b>	<b>\$113,261.29</b>	<b>\$177,195.92</b>	<b>(\$10,877.11)</b>	<b>(\$44,950.65)</b>	<b>\$1,009.27</b>	<b>\$92,697.73</b>	<b>\$299.21</b>	<b>\$11,967.29</b>	<b>(\$1,935.73)</b>	<b>\$104,037.77</b>	<b>\$667,200.74</b>	<b>5.667</b>	
Main	11,651	1,530	11,751	0.9915	11,651	1,530	6,719,607	\$191,565.41	\$64,645.31												
Welder	371	312	485	0.7652	371	312	141,182	\$6,098.34	\$1,358.23												
Phoenix	8,190	1,078	8,261	0.9915	8,190	1,078	4,543,059	\$134,666.23	\$43,706.04												
Welder	9	22	24	0.3867	9	22	6,223	\$149.62	\$59.87												
<b>Feb-14</b>	<b>20,221</b>	<b>2,941</b>	<b>20,434</b>	<b>0.9896</b>	<b>20,221</b>	<b>2,941</b>	<b>11,410,071</b>	<b>\$332,479.60</b>	<b>\$109,769.45</b>	<b>\$171,732.98</b>	<b>\$19,759.96</b>	<b>(\$46,438.54)</b>	<b>\$978.15</b>	<b>\$83,726.98</b>	<b>\$270.26</b>	<b>\$11,967.30</b>	<b>(\$1,743.34)</b>	<b>\$95,199.35</b>	<b>\$682,502.80</b>	<b>5.982</b>	
Main	12,263	1,559	12,362	0.9920	12,263	1,559	7,522,565														

City of South Haven  
Electric Fund - Fund 582  
For the period ended May 31, 2015

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	2014-15 Adopted Budget	% of Annual Budget
Electric Sales	\$ 1,002,104	\$ 1,172,809	\$ 955,370	\$ (170,704)	\$ 46,734	\$ 12,313,292	\$ 12,900,894	\$ 13,016,545	\$ (587,601)	\$ (703,253)	\$ 14,073,702	87%
Charges for Service	\$ 9,795	\$ 8,333	\$ 26,920	\$ 1,462	\$ (17,125)	\$ 84,218	\$ 91,667	\$ 202,098	\$ (7,449)	\$ (117,881)	\$ 100,000	84%
Interest Income	\$ 25,351	\$ 6,667	\$ 21,440	\$ 18,684	\$ 3,911	\$ 74,957	\$ 73,333	\$ 72,353	\$ 1,624	\$ 2,604	\$ 80,000	94%
Other Revenue	\$ 6,498	\$ 3,333	\$ 6,593	\$ 3,164	\$ (95)	\$ 33,299	\$ 36,667	\$ 60,535	\$ (3,368)	\$ (27,237)	\$ 40,000	83%
Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
<b>Total Revenues</b>	<b>\$ 1,043,748</b>	<b>\$ 1,191,142</b>	<b>\$ 1,010,323</b>	<b>\$ (147,394)</b>	<b>\$ 33,425</b>	<b>\$ 12,505,766</b>	<b>\$ 13,102,560</b>	<b>\$ 13,351,532</b>	<b>\$ (596,794)</b>	<b>\$ (845,766)</b>	<b>\$ 14,293,702</b>	

1                      2                      3                      4                      5                      6                      7                      8                      9                      10                      11

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	2014-15 Adopted Budget	% of Annual Budget
Purchased Power	\$ 729,054	\$ 800,000	\$ 737,563	\$ (70,946)	\$ (8,509)	\$ 8,903,759	\$ 8,800,000	\$ 8,656,082	\$ 103,759	\$ 247,677	\$ 9,600,000	93%
Other Operating Expenses	\$ 206,263	\$ 148,018	\$ 139,975	\$ 58,244	\$ 66,288	\$ 1,687,425	\$ 1,628,199	\$ 1,773,353	\$ 59,227	\$ (85,928)	\$ 1,776,217	95%
Property Tax Equivalents	\$ 59,557	\$ 59,557	\$ 57,236	\$ 0	\$ 2,321	\$ 655,128	\$ 655,128	\$ 629,594	\$ 0	\$ 25,534	\$ 714,685	92%
Energy Optimization Costs	\$ 23,314	\$ 23,208	\$ 23,891	\$ 106	\$ (577)	\$ 255,829	\$ 255,292	\$ 247,978	\$ 537	\$ 7,851	\$ 278,500	92%
Capital Outlay	\$ 347,313	\$ 345,750	\$ 122,986	\$ 1,563	\$ 224,327	\$ 4,135,537	\$ 3,803,250	\$ 201,215	\$ 332,287	\$ 3,934,322	\$ 4,149,000	100%
Transfer Out	\$ 14,025	\$ 14,025	\$ 14,754	\$ (0)	\$ (729)	\$ 154,276	\$ 154,276	\$ 162,295	\$ (0)	\$ (8,019)	\$ 168,301	92%
Depreciation	\$ 55,873	\$ 55,873	\$ 39,510	\$ -	\$ 16,363	\$ 614,605	\$ 614,605	\$ 434,614	\$ -	\$ 179,991	\$ 670,478	92%
Administrative Expenses	\$ 64,844	\$ 62,761	\$ (2,169)	\$ 2,084	\$ 67,014	\$ 671,079	\$ 690,366	\$ 625,572	\$ (19,287)	\$ 45,507	\$ 753,126	89%
<b>Total Expenses</b>	<b>\$ 1,500,244</b>	<b>\$ 1,509,192</b>	<b>\$ 1,133,746</b>	<b>\$ (8,949)</b>	<b>\$ 366,498</b>	<b>\$ 17,077,637</b>	<b>\$ 16,601,115</b>	<b>\$ 12,730,703</b>	<b>\$ 476,523</b>	<b>\$ 4,346,935</b>	<b>\$ 18,110,307</b>	

Net Fund Change                      \$ (456,496)    \$ (318,050)    \$ (123,423)    \$ (138,446)    \$ (333,073)    \$ (4,571,871)    \$ (3,498,555)    \$ 620,829    \$ (1,073,317)    \$ (5,192,700)    \$ (3,816,605)

AS OF JUNE 30, 2014	
Retained Earnings	\$ 17,951,744
Less Net Capital Assets	\$ (11,195,364)
<b>Net Undesignated Reserves</b>	<b>\$ 6,756,380</b>

The Difference here is the addition of new capital assets less new depreciation for FY 15

PROJECTED AS OF JUNE 30, 2015	
Retained Earnings - Beginning of yr	\$ 17,951,744
Projected Net Income (see below)    FY 15	\$ 332,395
Less Net Capital Assets	\$ (14,193,913)
<b>Net Undesignated Reserves</b>	<b>\$ 4,090,226</b>

The 2015 Budget figures include the projects approved by the BPU to date and a revised depreciation figure  
The capital outlay also includes WI FI project costs - DPW Storage building and Office renovations have been removed

Year end audit adjustments - not expenses on Income statement                      →

FY 2015 Revenues	<b>\$ 14,293,702</b>
FY 2015 Expenses	<b>\$ (18,110,307)</b>
Net Fund Change	<b>\$ (3,816,605)</b>
Add back Investment in Capital Assets	<b>\$ 4,149,000</b>
Projected Net Income	<b>\$ 332,395</b>

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	
<b>FISCAL 2013</b>									
July	2012	17,466,170	14,702,549	38,276	52,303	14,740,825	93.26%	84.40%	31
August	2012	14,358,453	15,845,089	43,385	52,376	15,888,474	93.50%	110.66%	31
September	2012	11,481,145	12,211,557	48,595	52,463	12,260,152	94.22%	106.79%	30
October	2012	10,545,910	9,741,443	54,699	52,284	9,796,142	94.11%	92.89%	31
November	2012	10,466,158	10,312,656	61,617	52,287	10,374,273	94.68%	99.12%	30
December	2012	11,131,795	9,798,623	69,065	52,368	9,867,688	94.46%	88.64%	31
January	2013	11,560,064	10,621,867	68,768	52,615	10,690,635	94.14%	92.48%	31
February	2013	10,550,434	10,544,686	59,658	52,705	10,604,344	94.21%	100.51%	29
March	2013	11,110,656	10,170,132	53,004	52,242	10,223,136	93.95%	92.01%	31
April	2013	10,233,332	9,906,424	48,201	52,313	9,954,625	94.19%	97.28%	30
May	2013	11,168,009	10,537,176	44,120	52,288	10,581,296	94.78%	94.75%	31
June	2013	11,593,465	10,064,318	37,708	52,258	10,102,026	95.35%	87.14%	30
		<u>141,665,592</u>	<u>134,456,520</u>	<u>627,096</u>		<u>135,083,616</u>			
<b>FISCAL 2014</b>									
July	2013	14,702,976	12,364,189	37,740	52,213	12,401,929	94.64%	84.35%	31
August	2013	13,559,712	13,582,248	42,342	52,126	13,624,590	94.42%	100.48%	31
September	2013	11,670,399	12,462,283	48,796	52,143	12,511,079	95.03%	107.20%	30
October	2013	10,945,398	10,453,792	54,475	52,125	10,508,267	94.91%	96.01%	31
November	2013	10,657,150	9,502,492	58,511	51,866	9,561,003	94.96%	89.71%	30
December	2013	11,962,287	10,244,088	71,063	52,032	10,315,151	94.68%	86.23%	31
January	2014	12,608,593	10,959,716	65,878	51,791	11,025,594	94.12%	87.45%	31
February	2014	11,410,071	12,066,200	59,636	51,790	12,125,836	94.72%	106.27%	29
March	2014	11,773,033	10,878,414	54,626	51,925	10,933,040	94.54%	92.87%	31
April	2014	10,374,016	10,020,033	48,541	51,953	10,068,574	94.63%	97.06%	30
May	2014	11,203,732	10,614,984	44,334	51,971	10,659,318	94.97%	95.14%	31
June	2014	12,746,940	11,082,867	39,220	52,097	11,122,087	93.90%	87.25%	30
		<u>143,614,306</u>	<u>134,231,306</u>	<u>625,162</u>		<u>134,856,468</u>			
<b>FISCAL 2015</b>									
July	2014	13,717,651	12,578,551	38,129	52,129	12,616,680	93.99%	91.97%	31
August	2014	14,486,040	12,740,027	42,644	52,154	12,782,671	93.13%	88.24%	31
September	2014	11,824,906	13,323,234	48,696	52,146	13,371,930	93.87%	113.08%	30
October	2014	11,327,065	11,109,952	55,667	52,245	11,165,619	94.22%	98.57%	31
November	2014	11,400,971	10,662,987	62,443	52,573	10,725,430	94.56%	94.07%	30
December	2014	12,007,610	11,126,842	67,163	52,248	11,194,005	94.83%	93.22%	31
January	2015	12,646,269	11,962,202	63,831	52,078	12,026,033	94.37%	95.10%	31
February	2015	11,642,781	11,272,243	59,367	52,055	11,331,610	94.56%	97.33%	29
March	2015	11,611,940	10,475,991	55,391	52,119	10,531,382	94.30%	90.69%	31
April	2015	10,409,946	10,889,321	49,374	52,188	10,938,695	94.67%	105.08%	30
May	2015	11,362,501	10,551,097	43,678	52,134	10,594,775	94.96%	93.24%	31
		<u>132,437,679</u>	<u>126,692,447</u>	<u>586,383</u>		<u>127,278,830</u>			
Prior Year-to-date		130,867,366	123,148,439	585,942		123,734,381			
Two Years Prior		130,072,126	124,392,202	589,388		124,981,590			

City of South Haven  
Water Fund - Fund 591  
For the period ended May 31, 2015

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	2014-15 Adopted Budget	% of Annual Budget
Sales	\$ 268,942	\$ 312,265	\$ 283,604	\$ (43,323)	\$ (14,662)	\$ 3,304,177	\$ 3,434,913	\$ 3,387,123	\$ (130,736)	\$ (82,945)	\$ 3,747,178	88%
Charges for Service	-	5,833	4,101	(5,833)	(4,101)	41,594	64,167	55,027	(22,573)	(13,433)	70,000	59%
Interest Income	73	167	73	(93)	0	5,436	1,833	(319)	3,603	5,755	2,000	272%
Special Assessment Revenue	-	958	-	(958)	-	12	10,542	40,054	(10,530)	(40,042)	11,500	0%
Other Revenue	3,603	2,917	2,101	687	1,502	46,527	32,083	42,039	14,443	4,488	35,000	133%
<b>Total Revenues</b>	<b>\$ 272,619</b>	<b>\$ 322,140</b>	<b>\$ 289,879</b>	<b>\$ (49,521)</b>	<b>\$ (17,260)</b>	<b>\$ 3,397,746</b>	<b>\$ 3,543,538</b>	<b>\$ 3,523,924</b>	<b>\$ (145,792)</b>	<b>\$ (126,178)</b>	<b>\$ 3,865,678</b>	

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	2014-15 Adopted Budget	% of Annual Budget
Operating Expenses	\$ 177,028	\$ 128,078	\$ 101,715	\$ 48,950	\$ 75,313	\$ 1,299,529	\$ 1,408,856	\$ 1,344,420	\$ (109,327)	\$ (44,891)	\$ 1,536,934	85%
Property Tax Equivalents	16,107	16,107	8,349	-	7,758	177,177	177,177	91,844	-	85,333	193,284	92%
Capital Outlay	197,769	18,024	-	179,745	197,769	203,274	198,261	2,012	5,012	201,262	216,285	94%
Debt Service	716,123	124,859	218,464	591,263	497,659	1,497,511	1,373,452	1,450,673	124,059	46,838	1,498,311	100%
Transfers Out	333	404	167	(70)	167	3,667	4,439	1,833	(773)	1,833	4,843	76%
Depreciation	50,703	50,703	16,307	-	34,396	557,732	557,732	179,377	-	378,355	608,435	92%
Administrative Expenses	17,759	19,858	18,152	(2,098)	(393)	217,612	218,434	200,482	(822)	17,130	238,292	91%
<b>Total Expenses</b>	<b>\$ 1,175,822</b>	<b>\$ 358,032</b>	<b>\$ 363,154</b>	<b>\$ 817,790</b>	<b>\$ 812,668</b>	<b>\$ 3,956,501</b>	<b>\$ 3,938,352</b>	<b>\$ 3,270,641</b>	<b>\$ 18,149</b>	<b>\$ 685,860</b>	<b>\$ 4,296,384</b>	

Net Fund Change                    \$    (903,203)    \$    (35,892)    \$    (73,275)    \$    (867,311)    \$    (829,928)    \$    (558,755)    \$    (394,814)    \$    253,283    \$    (163,941)    \$    (812,039)    \$    (430,706)

AS OF JUNE 30, 2014	
Retained Earnings	\$ 7,685,404
Less Contributed Capital	\$ (2,093,205)
Less Net Capital Assets	\$ (5,175,140)
<b>Net Undesignated Reserves</b>	<b>\$ 417,059</b>

The Difference here is the addition of new capital assets less new depreciation for FY 15

PROJECTED AS OF JUNE 30, 2015	
Retained Earnings - Beg of Year	\$ 7,685,404
Less Contributed Capital	\$ (2,093,205)
Projected Net Income (see below) FY 15	\$ 365,579
Less Net Capital Assets	\$ (5,389,391)
<b>Net Undesignated Reserves</b>	<b>\$ 568,387</b>

The 2015 Budget figures include the projects approved by the BPU to date and a revised depreciation figure  
The capital outlay includes some equipment and Dyckman Ave costs

Year end audit adjustments - not expenses on Income statement                    →  
Year end audit adjustments - not expenses on Income statement                    →

FY 2015 Revenues	<b>\$ 3,865,678</b>
FY 2015 Expenses	<b>\$ (4,296,384)</b>
Add back principal portion of debt service	<b>\$ 580,000</b>
Add back Investment in Capital Assets	<b>\$ 216,285</b>
<b>Projected Net Income(Loss)</b>	<b>\$ 365,579</b>

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
<b>FISCAL 2013</b>								
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>		
<b>FISCAL 2014</b>								
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%
May	2014	40,638,000	5,432,888	31,283	70,598	4,278,590	89.10%	78.75%
June	2014	53,611,000	7,167,246	37,032	100,575	5,543,066	85.86%	77.34%
		<u>511,630,000</u>	<u>68,399,733</u>	<u>487,843</u>	<u>1,522,412</u>	<u>56,718,922</u>		
<b>FISCAL 2015</b>								
July	2014	64,316,000	8,598,396	38,503	126,739	6,932,597	84.35%	81.07%
August	2014	66,789,000	8,929,011	42,246	34,492	7,841,235	83.45%	88.29%
September	2014	44,601,000	5,962,701	36,096	100,277	6,663,068	84.55%	112.35%
October	2014	33,430,000	4,469,251	34,492	117,932	4,619,497	85.38%	104.13%
November	2014	29,363,000	3,925,535	34,091	102,686	3,359,059	86.24%	86.44%
December	2014	28,908,000	3,864,706	35,294	67,388	3,125,243	86.64%	81.78%
January	2015	31,306,000	4,185,294	35,561	83,432	4,170,131	87.89%	100.49%
February	2015	28,322,000	3,786,364	34,091	81,219	4,470,432	88.98%	118.97%
March	2015	31,937,000	4,269,652	34,091	40,910	3,087,632	88.83%	73.11%
April	2015	29,525,000	3,947,193	31,551	56,153	3,393,749	89.38%	86.78%
May	2015	39,633,000	5,298,529	35,963	54,549	3,758,939	88.68%	70.94%
		<u>428,130,000</u>	<u>57,236,631</u>	<u>391,979</u>	<u>865,777</u>	<u>51,421,582</u>		
Prior Year-to-date		458,019,000	61,232,487	450,811	1,421,837	51,175,856		
Two Years Prior		472,979,270	63,232,523	380,656	1,924,598	56,014,593		

City of South Haven  
Sewer Fund - Fund 592  
For the period ended May 31, 2015

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	2014-15 Adopted Budget	% of Annual Budget
Sales	\$ 166,163	\$ 193,292	\$ 170,128	\$ (27,129)	\$ (3,965)	\$ 2,030,594	\$ 2,126,208	\$ 2,031,762	\$ (95,614)	\$ (1,168)	\$ 2,319,500	88%
IPP Revenues	12,307	6,608	13,113	5,699	(806)	65,122	72,692	76,889	(7,569)	(11,767)	79,300	82%
Interest Income	2	208	2	(207)	0	1,808	2,292	(755)	(483)	2,563	2,500	72%
Special Assessment Revenue	-	1,250	-	(1,250)	-	17	13,750	50,456	(13,733)	(50,439)	15,000	0%
Grant Revenue	347,301	29,167	-	318,134	347,301	347,301	320,833	-	26,467	347,301	350,000	99%
Other Revenue	250	1,333	80	(1,083)	170	17,553	14,667	13,786	2,887	3,768	16,000	110%
<b>Total Revenues</b>	<b>\$ 526,023</b>	<b>\$ 231,858</b>	<b>\$ 183,322</b>	<b>\$ 294,164</b>	<b>\$ 342,700</b>	<b>\$ 2,462,396</b>	<b>\$ 2,550,442</b>	<b>\$ 2,172,138</b>	<b>\$ (88,046)</b>	<b>\$ 290,258</b>	<b>\$ 2,782,300</b>	

Expenses	1	2	3	4	5	6	7	8	9	10	11	% of Annual Budget
	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	2014-15 Adopted Budget	
Operating Expenses	\$ 133,107	\$ 100,654	\$ 83,125	\$ 32,453	\$ 49,982	\$ 1,040,933	\$ 1,107,193	\$ 1,405,835	\$ (66,261)	\$ (364,903)	\$ 1,207,847	86%
Grant Expenses	-	14,792	-	(14,792)	-	286,809	162,708	104,485	124,100	182,324	177,500	162%
Property Tax Equivalents	8,104	8,104	7,453	0	651	89,148	89,148	81,988	(0)	7,160	97,252	92%
Capital Outlay	249,491	24,601	-	224,891	249,491	247,764	270,607	17,119	(22,844)	230,645	<b>295,208</b>	84%
Transfers Out	17,000	17,076	19,917	(76)	(2,917)	187,000	187,839	219,083	(839)	(32,083)	204,915	91%
Depreciation	29,060	29,060	20,379	-	8,681	319,659	319,659	224,166	-	95,493	348,719	92%
Administrative Expenses	27,276	26,975	28,738	301	(1,462)	292,029	296,725	281,842	(4,696)	10,188	323,700	90%
<b>Total Expenses</b>	<b>\$ 464,039</b>	<b>\$ 221,262</b>	<b>\$ 159,612</b>	<b>\$ 242,777</b>	<b>\$ 304,427</b>	<b>\$ 2,463,341</b>	<b>\$ 2,433,879</b>	<b>\$ 2,334,518</b>	<b>\$ 29,462</b>	<b>\$ 128,823</b>	<b>\$ 2,655,141</b>	

Net Fund Change                    \$    61,983    \$    10,597    \$    23,710    \$    51,387    \$    38,273    \$    (945)    \$    116,562    \$    (162,379)    \$    (117,507)    \$    161,434    \$    127,159

AS OF JUNE 30, 2014	
Retained Earnings	\$ 6,979,473
Less Contributed Capital	\$ (1,013,995)
Less Net Capital Assets	\$ (5,632,250)
<b>Net Undesignated Reserves</b>	<b>\$ 333,228</b>

The Difference here is the addition of new capital assets less new depreciation for FY 15

PROJECTED AS OF JUNE 30, 2015	
Retained Earnings - Beg of Year	\$ 6,979,473
Less Contributed Capital	\$ (1,013,995)
Projected Net Income (see below)    FY 15	\$ 422,367
Less Net Capital Assets	\$ (5,549,739)
<b>Net Undesignated Reserves</b>	<b>\$ 838,106</b>

The 2015 Budget figures include the projects approved by the BPU to date and a revised depreciation figure  
The capital outlay includes some equipment and Dyckman Ave costs

Year end audit adjustments - not expenses on Income statement    →

FY 2015 Revenues	<b>\$ 2,782,300</b>
FY 2015 Expenses	<b>\$ (2,655,141)</b>
Add back Investment in Capital Assets	<b>\$ 295,208</b>
<b>Projected Net Income(Loss)</b>	<b>\$ 422,367</b>



City of South Haven

## Agenda Item #8

### 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 IMMMA 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.
- ~~4/26/15 – Concerning the Quarterly Outage Report, Burr requested more information for the area near the State Park indicating a number of outages. A breakdown of outages was provided. Staff noted that the line is clear of trees. It is a known problem area due to many large trees in sand that can be uprooted in storms. It was recently checked by staff, but another check will be performed. It was also noted that most connectors have been replaced.~~

Date: June 22, 2015

To: Roger Huff, PE

From: Timothy Drews, PE

Re: South Haven SAW Grant – Asset Management Plan Status Report

The following is intended to provide you with a project status report:

### Accomplishments to Date

1. Inventory
  - A list of “missing” manholes was received from the city. We have completed shots on what could be found. There are approximately 100 manholes that are buried and/or missing and could not be located.
2. Condition Assessment
  - MACP (manhole) inspections have continued. We have inspected approximately 875 manholes to-date in the areas highlighted on the attached map. This work continues with an emphasis on storm manholes first.
  - CCTV work – A request for quotes was forwarded to Plummer's for the CCTV pilot program, and cleaning the main lift station wet well in conjunction with pump repairs. The quote was received today and is attached for your information.
3. Level of Service
  - Not yet started
4. Criticality of Assets
  - Not yet started
5. O&M Strategies
  - Burton and Associates is under contract and have started analysis related to the rate structures.
6. Other Costs
  - Asset Management software presentations were held with CityWorks and Cartegraph in April. Purchase of the software is pending a final choice.

### Upcoming Work

- SAW Progress meeting is scheduled for June 23<sup>rd</sup> at 10:30 a.m. at DPW
- Gathering remaining manhole inventory shots – determine priorities
- Continue MACP inspections.
- CCTV pilot program with Plummer's, plus develop an RFP for the comprehensive CCTV work (with sewer cleaning option by the city)
- Initiate discussions regarding level of service and criticality of assets.

### Scope Changes

- Eliminate Storm Sewer System Metering and Modeling and re-allocate those funds to other Asset Management efforts.

### Budget Status

	Budget	Invoiced to Date	Percent Complete
Overall Asset Management Budget	\$1,115,264	\$181,701.86	16.3%
Abonmarche Tasks	\$555,197	\$181,701.86	32.7%
CCTV Work	\$299,397	\$0	0%
Other Sub-consultants	\$38,000	\$0	0%
Software/hardware/training	\$38,000	\$0	0%
City Admin Tasks	\$35,120		
City Pre-cleaning Sewers	\$150,000		

Note: Overall city match for the SAW grant is \$300,332 (per grant award – Cindy Clendenon email dated 05/22/15)

### Schedule Status

The projected completion date for the Asset Management plan is anticipated by May 1, 2016

### Information Needed from City

- List of projects completed in the past 10-15 years
- Priority list of areas to concentrate CCTV work

### Other Issues

- Separate progress reports will be submitted for SAW design related work

cc: Brian Dissette, City of South Haven  
Larry Halberstadt, City of South Haven  
Cindy Clendenon, MDEQ  
Christopher Cook, Abonmarche  
Tony McGhee, Abonmarche





City of South Haven  
Cleaning and Televising Sewer Pipelines - SAW Grant Pilot Program

Plummer's Environmental Services

Item	Quantity	Unit	Unit Price	Amount	
<b>Sanitary Sewer</b>					
Pre-cleaning, sanitary, 12" or smaller	5083	<del>6050</del>	Ft	\$1.52	\$7,726.16
Pre-cleaning, sanitary, greater than 12", less than or equal to 18"	0	Ft			
Pre-cleaning, sanitary, greater than 18", less than or equal to 30"	0	Ft			
Pre-cleaning, sanitary, greater than 30", less than or equal to 36"	0	Ft			
Heavy cleaning, sanitary, 12" or smaller	Sheet 3, MH 1257-554 Easment	<del>967</del>	Ft	\$6.62	\$6,401.54
Heavy cleaning, sanitary, greater than 12", less than or equal to 18"	0	Ft			
Heavy cleaning, sanitary, greater than 18", less than or equal to 30"	0	Ft			
Heavy cleaning, sanitary, greater than 30", less than or equal to 36"	0	Ft			
Pipe inspection, sanitary, 12" or smaller	6050	Ft	\$0.90	\$5,445.00	
Pipe inspection, sanitary, greater than 12", less than or equal to 18"	0	Ft			
Pipe inspection, sanitary, greater than 18", less than or equal to 30"	0	Ft			
Pipe inspection, sanitary, greater than 30", less than or equal to 36"	0	Ft			

<b>Storm Sewer</b>				
Pre-cleaning, storm, 12" or smaller	1204	Ft	\$2.18	\$2,624.72
Pre-cleaning, storm, greater than 12", less than or equal to 18"	2368	Ft	\$3.17	\$7,506.56
Pre-cleaning, storm, greater than 18", less than or equal to 30"	1582	Ft	\$3.74	\$5,916.68
Pre-cleaning, storm, greater than 30", less than or equal to 48"	0	Ft		
Heavy cleaning, storm, 12" or smaller	0	Ft		
Heavy cleaning, storm, greater than 12", less than or equal to 18"	0	Ft		
Heavy cleaning, storm, greater than 18", less than or equal to 30"	0	Ft		
Heavy cleaning, storm, greater than 30", less than or equal to 48"	0	Ft		
Pipe inspection, storm, 12" or smaller	1204	Ft	\$1.00	\$1,204.00
Pipe inspection, storm, greater than 12", less than or equal to 18"	2368	Ft	\$1.00	\$2,368.00
Pipe inspection, storm, greater than 18", less than or equal to 30"	1582	Ft	\$1.00	\$1,582.00
Pipe inspection, storm, greater than 30", less than or equal to 48"	0	Ft		
Pipe inspection, re-setup	6	Ea	\$145.00	\$870.00
Cleaning main lift station wet well	Mobilization	1	per day	\$575.00
	Onsite Cleaning		per hour	\$510.00
	Disposal		per Gal	\$0.45

- Prices include mobilization
- Pre-cleaning sanitary and storm pipes shall be defined as light cleaning.
- Heavy cleaning shall only be required if grease, roots, etc. are not able to be removed in the pre-cleaning operation. The engineer shall be informed before commencing heavy cleaning work.
- "Pipe inspection, re-setup" quantity is an estimate to establish a unit price. Actual quantity may vary based on conditions in the field
- City of South Haven reserves the right to self perform sewer pre-cleaning and cancel that work from this contract without affecting other unit prices

Demand Rate Study Using Calendar Year 2013 & 2014 Data

Class	2014 Demand in KWH	2013 Demand in KWH	Average Annual Demand in KWH	Average % of Demand KWH Billed	2014 Demand in Dollars	2013 Demand in Dollars	Average Annual Demand in Dollars	Average Demand Per KWH
Commercial	6,472	6,488	6,480	4.03%	\$ 92,242	\$ 81,389	\$ 86,815	13.397
Commercial Power	111,181	109,222	110,201	68.60%	\$ 1,401,396	\$ 1,322,301	\$ 1,361,848	12.358
Industrial	44,189	43,750	43,970	27.37%	\$ 529,777	\$ 524,266	\$ 527,021	11.986
	<b>161,842</b>	<b>159,460</b>	<b>160,651</b>	<b>100.00%</b>	<b>\$ 2,023,415</b>	<b>\$ 1,927,955</b>	<b>\$ 1,975,685</b>	

Class	Average Annual Demand in KWH	Average Annual Demand in Dollars	Additional Needed	Projected Annual Demand in Dollars	Average Demand Unit Price	Projected Demand Unit Price	Necessary Unit Price Increase	Percent Increase
Commercial	6,480	\$ 86,815	\$ 3,224	\$ 90,039	13.397	13.895	<b>0.4975</b>	3.71%
Commercial Power	110,201	\$ 1,361,848	\$ 54,880	\$ 1,416,728	12.358	12.856	<b>0.4980</b>	4.03%
Industrial	43,970	\$ 527,021	\$ 21,896	\$ 548,917	11.986	12.484	<b>0.4980</b>	4.15%
	160,651	\$ 1,975,685	\$ 80,000	\$ 2,055,685				

↑  
**Used \$0.50**  
 or 4.2%  
 increase to  
 \$11.95 rate

CITY OF SOUTH HAVEN  
VAN BUREN AND ALLEGAN COUNTIES, MICHIGAN

ORDINANCE NO. \_\_\_\_

AN ORDINANCE TO AMEND RATES FOR THE CITY OF SOUTH HAVEN ELECTRIC  
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: \$0.104/kWH; energy optimization surcharge \$0.001612/kWH.
- (2) *Commercial customers.* Basic electric charge: \$6.80/month; power usage rate: \$0.1100/kWH; energy optimization surcharge \$0.002126/kWH.
- (3) *Commercial power customers.* Power usage rate: .0580/kWH; demand charge: \$12.45/kw; minimum demand: 15 kw/month; primary metered customers: rebate of two percent of kWH usage; energy optimization surcharge \$0.002126/kWH.
- (4) *Industrial and municipal customers.* Power usage rate: .0482/kWH; demand charge: \$12.45/kw; minimum demand: 15 kw/month; primary metered customers: rebate of two percent of kWH usage; 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. Monthly electric bills will be increased or decreased to offset fuel charge adjustments billed to the City by the supplier and for PJM open access transmission tariff charges that exceed \$500,000 per year as billed to the City by the supplier.

SECTION 2

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 3

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

Ordinance No. \_\_\_\_

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 6<sup>th</sup> day of July, 2015.

ADOPTED by the City Council of the CITY OF SOUTH HAVEN, MICHIGAN on this 20th day of July, 2015.

\_\_\_\_\_  
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 20<sup>th</sup> day of July, 2015; and the same was published in a paper of general circulation in the City, being the *South Haven Tribune*, on the \_\_\_\_ day of July, 2015.

\_\_\_\_\_  
Amanda Morgan, City Clerk

City of South Haven  
Electric Rate Study

Using Calendar Year 2013 & 2014 Data

Class	Customers	Percent of Customers by Class	Average Annual Billings in KWH	Average Annual Billings in Dollars	Average Charge Per KWH	Percent of Billings \$ by Class
Residential	6,936	84.73%	47,919,999	\$ 4,800,347	0.100	45.57%
Commercial	1,128	13.78%	19,852,510	\$ 2,265,779	0.1141	21.51%
Commercial Power	102	1.25%	43,585,373	\$ 2,422,995	0.0556	23.00%
Industrial	20	0.24%	22,422,960	\$ 1,044,593	0.0466	9.92%
<b>Total</b>	<b>8,186</b>	<b>100.00%</b>	<b>133,780,841</b>	<b>\$ 10,533,713</b>		<b>100.00%</b>

	Residential	Commercial	Commercial Power	Industrial
Avg Charge per KWH	0.100	0.1141	0.0556	0.0466
Proposed increase	0.0040	0.0000	0.0024	0.0016
	0.104	0.1141	0.0580	0.0482
<b>New Energy rate</b>	<b>0.104</b>	<b>0.1141</b>	<b>0.0580</b>	<b>0.0482</b>
	4%	0%	3%	3%

\*\* Rate was reduced from .1150 to .1100 for FY 2015

Projected Revenue	\$ 4,978,888	\$ 2,227,452	\$ 2,526,195	\$ 1,080,415	\$ 10,812,949
Increased Revenue	\$ 178,541	\$ 43,676	\$ 103,200	\$ 35,822	\$ 361,238

Electric Rate Comparison  
 PROPOSED RATES EFFECTIVE AUGUST 1, 2015

6/24/2015

<b>Residential</b>	<u>Current</u>	<u>Proposed</u>	<u>Change</u>	<u>Percent Change</u>
Electric Usage	0.1000	0.104	0.004	4.0%
Basic Electric Charge	5.50	5.50	-	0.0%
<b>Commercial</b>	<u>Current</u>	<u>Proposed</u>	<u>Change</u>	<u>Change</u>
Electric Usage	0.1100	0.1100	0	0.0%
Basic Electric Charge	6.80	6.80	-	0.0%
<b>Commercial Power</b>	<u>Current</u>	<u>Proposed</u>	<u>Change</u>	<u>Percent Change</u>
Electric Usage	0.0563	0.0580	0.0017	3.0%
Basic Electric Charge	6.80	6.80	-	0.0%
Demand Charge	11.95	12.32	0.37	3.1%
<b>Industrial &amp; Municipal</b>	<u>Current</u>	<u>Proposed</u>	<u>Change</u>	<u>Percent Change</u>
Electric Usage	0.0468	0.0482	0.0014	3.0%
Basic Electric Charge	6.80	6.80	-	0.0%
Demand Charge	11.95	12.32	0.37	3.1%

Minimum Demand 15 KWH

Minumum Increase of \$7.50 per month

FROM AEP Electric Bill - All Charges 2014	PJM Annual Transmission Costs	2014	\$ 1,360,636.99
	**Less Annual Base Cost		(500,000.00)
	Total		860,636.99
FROM AEP Electric Bill - All Charges 2014	Annual KWH Purch	2014	144,880,029.00
	PJM Adjustment/KWH		0.0059403

**\*\* Used \$500,000 annual base transmission cost built into kwh rate**

	<u>Residential</u>	<u>Commercial</u>	<u>Commercial Power</u>	<u>Industrial</u>	<u>Total</u>
Avg Billings in KWH	47,919,999	19,852,510	43,585,373	22,422,960	133,780,841
PJM Adjustment/KWH	0.0059403	0.0059403	0.0059403	0.0059403	
PJM Annual Cost Recovery \$	<b>284,661</b>	<b>\$ 117,931</b>	<b>\$ 258,912</b>	<b>\$ 133,200</b>	<b>\$ 794,704</b>
Percent of PJM Cost Recovery	<b>36%</b>	<b>15%</b>	<b>33%</b>	<b>17%</b>	

**Top 10 Electric Customers - Usage for Bills for Calendar year 2014**

<u>Account #</u>	<u>Customer Name</u>	<u>KWH Usage</u>		<u>Annual PJM cost adj</u>	<u>Average Monthly PJM cost adj</u>
42025001	Albemarle	13,860,000	x	0.0059403 = \$ 82,333	\$ 6,861
22009500	Walmart	5,284,800	x	0.0059403 = \$ 31,394	\$ 2,616
42023001	East Jordan Plastics	3,984,000	x	0.0059403 = \$ 23,666	\$ 1,972
42026000	SH Comm Hosp	3,960,600	x	0.0059403 = \$ 23,527	\$ 1,961
22009600	Menards	2,920,960	x	0.0059403 = \$ 17,352	\$ 1,446
42028000	SH Rubber	2,487,600	x	0.0059403 = \$ 14,777	\$ 1,231
12023500	Village Market	2,125,760	x	0.0059403 = \$ 12,628	\$ 1,052
42023502	East Jordan Plastics	1,581,600	x	0.0059403 = \$ 9,395	\$ 783
42016000	City of SH	1,114,720	x	0.0059403 = \$ 6,622	\$ 552
31489501	Shoreline Wellness	1,038,240	x	0.0059403 = \$ 6,168	\$ 514
Average Residential Usage		12,000	x	0.0059403 = \$ 71.28	\$ 6



## Agenda Item # 11

### DRAFT South Haven Area Water-Sewer Authority Contract

City of South Haven

#### **Background Information:**

On June 11, 2015, the city's staff hosted a joint workshop session between the City of South Haven Board of Public Utilities and the South Haven/Casco Township Sewer and Water Authority. The joint session was intended to review the planned capital upgrades to the public sewer system and to discuss how regional collaboration could be beneficial to the entire South Haven community. The City's Attorney, Mr. Scott Smith of Dickinson Wright made a presentation of a potential regional authority structure for water and sewer utilities and provided a DRAFT South Haven Area Water-Sewer Authority Contract.

City staff is requesting feedback from the boards related to the proposed regional authority agreement on how the proposed agreement can be improved.

#### **Recommendation:**

Review the DRAFT South Haven Area Water-Sewer Authority Contract and provide comments.

#### **Support Material:**

DRAFT South Haven Area Water-Sewer Authority Contract  
PowerPoint Presentation from the Joint Workshop

**SOUTH HAVEN AREA WATER-SEWER AUTHORITY CONTRACT**

This South Haven Area Water-Sewer Authority Contract is dated as of \_\_\_\_\_, 2015, and is among the City of South Haven, South Haven Charter Township, Casco Township, and Covert Township, and the South Haven/Casco Township Sewer and Water Authority pursuant to the Municipal Partnership Act, 2011 PA 258, MCL 124.111 *et seq.* (the “**MPA**”).

**RECITALS**

- A. The City of South Haven is a home rule city organized and existing pursuant to 1909 PA 279, as amended, MCL 117.1 *et seq.*, located in Van Buren and Allegan Counties, Michigan, the principal business address of which is 539 Phoenix Street, South Haven, MI 49090-1499 (the “**City**”).
- B. South Haven Charter Township is a charter township organized and existing pursuant to The Charter Township Act, 1947 PA 359, as amended, MCL 42.1 *et seq.*, located in Van Buren County, Michigan, the principal business address of which is 09761 Blue Star Highway, South Haven, MI 49090 (“**South Haven Township**”).
- C. Casco Township is a general law township organized and existing pursuant to the Michigan Revised Statutes of 1846, as amended, MCL 41.1 *et seq.*, located in Allegan County, Michigan, the principal business address of which is 7104 107<sup>th</sup> Avenue, South Haven, MI 49090 (“**Casco Township**”).
- D. Covert Township is a general law township organized and existing pursuant to the Michigan Revised Statutes of 1846, as amended, MCL 41.1 *et seq.*, located in Van Buren County, Michigan, the principal business address of which is 73943 Lake Street, PO Box 35, Covert, MI 49043 (“**Covert Township**”).
- E. The South Haven/Casco Township Sewer and Water Authority, is a public body corporate established and existing pursuant to 1955 PA 233, as amended, MCL 124.281 *et seq.* (“**Act 233**”), the principal business address of which is 7064 111<sup>th</sup> Avenue, South Haven, MI 49090-9802 (the “**South Haven/Casco Authority**”) and is, pursuant to that statute, authorized to own and operate public water and sanitary sewer systems.
- F. Each of the parties to this Contract is, as is evident from Recitals A through E above, a “public agency” as defined by subsection 2(d) of the MPA.
- G. Each of the parties listed in Recitals A through D is authorized by a variety of statutes to own and operate public water and sanitary sewer systems.
- H. Therefore, pursuant to the MPA, the parties may enter into a joint endeavor agreement to jointly own and operate public water and sanitary sewer systems and to jointly perform or exercise all functions, services, powers, and privileges related thereto that each could exercise separately including, without limitation, all of those provided by this Contract.

- I. The County of Allegan is a Michigan county organized pursuant to applicable state law that is acting by and through its Board of Public Works pursuant to 1957 PA 185, as amended, MCL 123.721 et seq. (“**Act 185**”), the principal business address of which is 113 Chestnut Street, Allegan, MI 49010 (“**Allegan County**”), is not a part of the Authority but has consented to provisions of this Contract due to its interests in some infrastructure located within the boundaries of one or more of the parties.
- J. The County of Van Buren is a Michigan county organized pursuant to applicable state law that is acting by and through its Board of Public Works pursuant to Act 185, the principal business address of which is 212 Paw Paw Street, Paw Paw, MI 49079 (“**Van Buren County**”), is not a part of the Authority but has consented to provisions of this Contract due to its interests in some infrastructure located within the boundaries of one or more of the parties.
- K. The City owns and operates a water treatment and distribution system that provides potable water used by users in the City, South Haven Township, Casco Township and Covert Township, the major components of which are listed on **Exhibit A** (the “**City Water System**”).
- L. South Haven Township, Casco Township, Covert Township and the South Haven/Casco Authority each own components of water distribution systems listed on **Exhibit A** that are located within their respective jurisdictions.
- M. The City owns and operates a sanitary wastewater collection and treatment system that provides sanitary sewage collection and treatment services used by users in the City, South Haven Township, Casco Township and Covert Township, the major components of which are listed on **Exhibit A** (the “**City Sewer System**”).
- N. South Haven Township, Casco Township, Covert Township and the South Haven/Casco Authority each own components of sanitary sewage collection systems listed on **Exhibit A** that are located within their respective jurisdictions.
- O. A number of contracts establish the terms and conditions of the relationships among and between the parties for providing services of the City Water System and the City Sewer System.
- P. In recent years, the parties have concluded that coordinated, collaborative management and control, and, eventually, common ownership of the City Water System and City Sewer System and of the water distribution and sanitary sewer collection lines and facilities within their respective jurisdictions is in the their respective best interests and will protect and enhance the public health, safety and general welfare.
- Q. Certain legally binding requirements preclude common ownership at the current time, but coordinated, collaborative management and control of the City Water System and City Sewer System and of the water distribution and sanitary sewer collection lines and facilities within their respective jurisdictions can be accomplished by this Contract with possible common ownership to occur at a subsequent time as also provided in this Contract.

## TERMS AND CONDITIONS

In exchange for the consideration in and referred to by this Contract the parties agree as follows:

### ARTICLE I

#### AUTHORITY

1.1 Formation; Purposes. The South Haven Area Water-Sewer Authority (“**SHAWSA**”) is created for the purposes of acquiring, owning, leasing, constructing, installing, operating, repairing, maintaining, replacing, improving, extending, enlarging and undertaking any and all other functions, powers and privileges regarding public water and sanitary sewer services in the City, South Haven Township, Casco Township, and Covert Township.

1.2 Body Corporate. The SHAWSA is a public body corporate with power to sue and be sued in its own name.

1.3 Governance.

A. The SHAWSA shall be governed by a 7-member board (the “**Board**”) appointed as follows:

1. The City shall select 2 members. Of those first appointed, one shall serve a 2-year term and the other shall serve a 4-year term. Thereafter, both members shall serve 4-year terms.
2. South Haven Township shall appoint one member who shall serve a 4-year term.
3. Casco Township shall appoint a member who shall serve a 4-year term.
4. Covert Township shall appoint a member who shall serve a 4-year term.
5. The South Haven/Casco Authority shall appoint a member who shall serve a 2-year term. Thereafter, its appointee shall serve 4-year terms. If the South Haven/Casco Authority ceases to exist, South Haven Township and Casco Township shall jointly make this appointment.
6. Those appointed as provided in subsections 1.3.A.1 through 1.3.A.5 shall appoint the final member who shall serve an initial 2-year term. Thereafter, the member appointed pursuant to this subsection shall serve 4-year terms.

B. Appointments shall be made by the governing bodies of each of the appointing entities. Terms shall end on December 31 of odd-numbered years.

C. Board members appointed pursuant to subsections 1.3.A.1 through 1.3.A.5 shall serve at the pleasure of their appointing bodies. The Board member appointed as provided in subsection 1.3.A.6 may be removed by the affirmative vote of the governing bodies of at least 3 of the parties to this Contract.

D. No Board member may be removed during that Board member’s term of office unless the Board member is provided at least 14-days’ written notice of the meeting of the governing body(ies) at which

the Board members' removal shall first be discussed or considered and that Board member is given an opportunity to address that governing body prior to any vote or other action with respect to the Board member's removal.

E. Board members shall have a duty to vote on matters before the Board except to the extent a Board member has a direct conflict of interest. Any potential conflict of interest shall be disclosed to the Board and the remaining Board members shall vote to determine whether a conflict of interest exists so as to excuse the Board member from voting. Any other provision of this Agreement notwithstanding, it shall not be a conflict of interest for a Board member to vote on a contract or other issue simply because that contract or other issue involves or affects the party to this Contract that appointed the Board member or because the contract or issue involves or affects a party to this Contract for which the Board member serves as an officer or employee.

#### 1.4 Meetings; Officers.

A. Four Board members shall constitute a quorum of the Board. However, the Board may not take any action except upon the affirmative votes of at least 4 Board members.

B. The Board shall adopt bylaws or rules of procedure governing its meetings, policies and procedures. The SHAWSA shall comply with the Freedom of Information Act, 1976 PA 442, as amended, MCL 15.231 *et seq.* and the Open Meetings Act, 1976 PA 267, as amended, MCL 15.261 *et seq.*

C. At its first meeting of each calendar year, the Board shall elect a chairperson, a vice chairperson, who shall act in the chairperson's absence or inability to act, and a secretary-treasurer. The bylaws or rules of procedure shall state the authority and duties of each officer.

D. The Board shall meet at least quarterly. The Board shall, prior to the end of each calendar year, adopt a resolution setting its regular meeting schedule for the next calendar year.

E. Special meetings may be called by the chairperson by any officer or by any 3 Board members.

F. The Board may appoint or employ a chief executive officer who is not a member of the Board. If it does so, it shall provide a written description of the chief executive officer's duties and authority and shall establish any compensation to be paid to the chief executive officer.

#### 1.5 Powers. The SHAWSA shall have the following powers.

A. The SHAWSA may acquire, own, lease, construct, install, operate, repair, maintain, replace, improve, extend, enlarge and undertake any and all other functions, powers and privileges regarding public water and sanitary sewer services in the City, South Haven Township, Casco Township, and Covert Township.

B. The SHAWSA may adopt ordinances, rules and regulations governing or related to public water and sanitary sewer services in the City, South Haven Township, Casco Township, and Covert Township. It may issue to users or others permits to connect to, to use or to construct, install, operate, repair, maintain, replace, improve, extend, or enlarge public water and sanitary sewer services in the City, South Haven Township, Casco Township, and Covert Township.

C. The SHAWSA may apply for, hold, maintain and renew any permits, certificates, licenses or other approvals needed to acquire, own, lease, construct, install, operate, repair, maintain, replace, improve, extend, enlarge and undertake any and all other functions, powers and privileges regarding public water and sanitary sewer services in the City, South Haven Township, Casco Township, and Covert Township.

D. The SHAWSA may acquire by purchase, including without limitation by installment purchase, by lease, or by eminent domain, any real or personal property the Board deems necessary to fulfill its functions, duties or obligations, or to exercise its privileges related to public water and sanitary sewer services in the City, South Haven Township, Casco Township, and Covert Township. Any acquisition by eminent domain shall be pursuant to and in compliance with 1911 PA 149, as amended, MCL 213.21 *et seq.*, and with The Uniform Condemnation Procedures Act, 1980 PA 87, as amended, MCL 213.51 *et seq.* The SHAWSA may also enter into a contract with any party for that party's acquisition of property on behalf of the SHAWSA and that party's subsequent conveyance of such property to the SHAWSA which contract shall include terms and conditions acceptable to the Board and to the governing body of the contracting party.

E. Subject to the requirements and limitations of the MPA, employ or otherwise contract for or engage such personnel, firms, service providers, contractors, professionals or others who it deems are necessary or helpful to fulfill its functions, duties or obligations, or to exercise its privileges related to public water and sanitary sewer services in the City, South Haven Township, Casco Township, and Covert Township.

F. The SHAWSA may fulfill its functions, duties or obligations, or to exercise its privileges or powers under this Contract or related to public water and sanitary sewer services in the City, South Haven Township, Casco Township, and Covert Township, by entering into contracts with any one or more of the parties or others.

G. The SHAWSA may exercise any powers or privileges provided by this Contract or by the MPA.

## ARTICLE II

### INTERESTS IN SYSTEMS

2.1 Lease of City Systems. The City hereby leases to the SHAWSA and the SHAWSA hereby leases from the City the City Water System and the City Sewer System, including, without limitation, all of the real and personal property of the City Water System and the City Sewer System, for rent consisting of the

payment of \$1.00 per year plus the performance of all of SHAWSA's duties and obligations under this Contract. The City also assigns to the SHAWSA and the SHAWSA accepts that assignment from the City of all of the City's rights, duties and obligations related to the City Water System and the City Sewer System, including, without limitation, any (i) contracts, (ii) warranties and guarantees, (iii) rights to payments, (iv) obligations to make payments, (v) claims of or against either the City Water System or the City Sewer System, and (vi) permits, licenses or other approval related to the City Water System or the City Sewer System.

- A. Details of included items are provided in attached exhibits.
  - 1. An inventory of assets of the City Water System and the City Sewer System, including, without limitation, interests in real and personal property the City Water System and the City Sewer System is attached as **Exhibit B** and incorporated by reference.
  - 2. A list of obligations and other liabilities of the City Water System and the City Sewer System, including without limitation, outstanding debt, pension obligations, and retiree health care obligations, is attached as **Exhibit C** and incorporated by reference.
  - 3. A list of current contracts affecting the City Water System and the City Sewer System is attached as **Exhibit D** and incorporated by reference.
  - 4. An unaudited accounting of the current fund balances, bank and investment accounts, and other financial information related to the City Water System and the City Sewer System is attached as **Exhibit E** and incorporated by reference.
- B. No ownership interest in either the City Water System or the City Sewer System is being conveyed by this Contract.
- C. The City Water System and City Sewer System are being leased "as is" and "where is" without any representations or warranties as to the condition of any real or personal property comprising either of them. The SHAWSA is accepting the City Water System and the City Sewer System in their current conditions.
- D. This lease shall commence and the SHAWSA shall take possession of the leased property 180 days after the date of this Contract. Except as otherwise provided in this Contract, this lease will terminate on the termination date of this Contract.
- E. The SHAWSA may operate, repair, maintain, replace, improve, extend, enlarge and undertake any and all other functions, powers and privileges regarding the City Water System and City Sewer System that the City could prior to the effective date of the lease. The SHAWSA shall operate, repair, and maintain the City Water System and City Sewer System in accordance with this Contract and good utility practices.

F. The SHAWSA shall pay all costs necessary to use, operate, repair, maintain, replace, improve, extend, enlarge and undertake any and all other functions, powers and privileges regarding the City Water System and City Sewer System as required by this Contract.

G. The SHAWSA shall have all risks and undertake all liability related to ownership, use, operation, repair, maintenance, replacement, improvement, extension, or enlargement of the City Water System and City Sewer System.

H. If there is damage to the City Water System and City Sewer System from any cause whatsoever the SHAWSA, at its expense, shall repair such damage or replace such damaged portions of City Water System and City Sewer System. This shall not prevent the SHAWSA from seeking indemnification or contribution for such damage or the costs or such repair or replacement from any individual or entity partially or wholly responsible for such damage, including, without limitation, any party to this Contract that may be partially or wholly responsible for such damage.

I. If any portion of the City Water System and City Sewer System is acquired by any governmental entity through eminent domain, the SHAWSA shall be entitled to the compensation or damages paid as a result of such acquisition.

J. The SHAWSA may not assign its rights with respect to or sublet the City Water System and City Sewer System without the City's prior written consent.

2.2 Possible Future Conveyance of City Systems. At any time it wishes to do so, the City may convey ownership of the City Water System, the City Sewer System, or both systems to the SHAWSA and the SHAWSA shall accept such conveyance and pay to the City the sum of \$1.00 and assume all debt and other obligations of the conveyed system(s) in exchange for such conveyance. The parties acknowledge that, under current Michigan law, conveyance of either the City Water System or the City Sewer System will require the approval of the City's electors. Accordingly, this Contract does not compel such conveyance.

2.3 Conveyance of Interests in Township and Authority Systems. The townships and the South Haven/Casco Authority are not constrained by state law from conveying their interests in the public water distribution and sanitary sewer collection systems within their respective jurisdictions. However, either Van Buren County or Allegan County may own all or a portion of those systems due to the use of Act 185 to finance initial construction of, improvements to, or expansions of those all or portions of those system. By signing below, Van Buren County and Allegan County are consenting to South Haven Township's, Casco Township's, Covert Township's and the South Haven/Casco Authority's conveyance of their interests as provided in this section.

A. Within 180 days of the date of this Contract, South Haven Township, Casco Township, Covert Township and the South Haven/Casco Authority shall each quitclaim to the SHAWSA and the SHAWSA shall accept from each of them, each of their respective rights, titles and interests in the

public water distribution and public sanitary sewer collection systems within their respective jurisdictions Township, including, without limitation, all related interests in real and personal property. The consideration for such conveyance shall consist of the payment of \$1.00 plus the performance of all of SHAWSA's duties and obligations under this Contract. Simultaneously with such conveyance, South Haven Township, Casco Township, Covert Township and the South Haven/Casco Authority also each shall each assign to the SHAWSA and the SHAWSA shall accept the assignment from each of them of all of their respective interests, rights, duties and obligations related to the public water distribution and public sanitary sewer collection systems within their respective jurisdictions, including, without limitation, any (i) contracts, (ii) warranties and guarantees, (iii) rights to payments, (iv) obligations to make payments, (v) claims of or against the public water distribution or public sanitary sewer collection systems within their jurisdictions, and (vi) permits, licenses or other approval related to the public water distribution or public sanitary sewer collection systems within their jurisdictions. The conveyance and assignment shall be completed by execution and delivery of quitclaim deeds, bills of sale, assignments, and such other documents as may be reasonably required by SHAWSA's legal counsel.

B. To the extent that, due to financing through Act 185 or for any other reason, Allegan County or Van Buren County have any interests in the public water distribution or sanitary sewer collection systems within the jurisdictions of South Haven Township, Casco Township, Covert Township, or the South Haven/Casco Authority, upon the final payment of each such financing or such earlier time as may otherwise be legally permissible without added costs to Allegan County, Van Buren County, South Haven Township, Casco Township, Covert Township, or the South Haven/Casco Authority, all of the right, title and interest in the respective public water distribution or sanitary sewer collection system within the respective jurisdiction, shall be conveyed to the SHAWSA. By consenting to this Contract, Allegan County and Van Buren County each agrees to make each such conveyance at the earliest possible date that can be done without added costs to Allegan County, Van Buren County, South Haven Township, Casco Township, Covert Township, or the South Haven/Casco Authority. Similarly, South Haven Township, Casco Township, Covert Township, or the South Haven/Casco Authority each individually covenants to take all steps to needed to ensure completion of such conveyance of the rights, titles and interests of Allegan County and Van Buren County at the earliest possible date that can be done without added costs to Allegan County, Van Buren County, South Haven Township, Casco Township, Covert Township, or the South Haven/Casco Authority.

C. The rights, title and interests in the public water distribution and public sanitary sewer collection systems conveyed will be conveyed "as is" and "where is" without any representations or warranties as to the condition of any real or personal property comprising either of them.

D. When the SHAWSA obtains all of the rights, titles and interests to any one of the public water distribution or sanitary sewer collection systems within the jurisdictions of South Haven Township,

Casco Township, Covert Township, or the South Haven/Casco Authority, it shall own and have all rights with respect to each such system. Until then, the following shall apply:

1. The SHAWSA may operate, repair, maintain, replace, improve, extend, enlarge and undertake any and all other functions, powers and privileges related to the public water distribution or sanitary sewer collection systems within the jurisdictions of South Haven Township, Casco Township, Covert Township, or the South Haven/Casco Authority. The SHAWSA shall operate, repair, and maintain those systems in accordance with this Contract and good utility practices.
2. The SHAWSA shall pay all costs necessary to use, operate, repair, maintain, replace, improve, extend, enlarge and undertake any and all other functions, powers and privileges regarding t the public water distribution or sanitary sewer collection systems within the jurisdictions of South Haven Township, Casco Township, Covert Township, or the South Haven/Casco Authority as required by this Contract.
3. The SHAWSA shall have all risks and undertake all liability related to ownership, use, operation, repair, maintenance, replacement, improvement, extension, or enlargement of the public water distribution or sanitary sewer collection systems within the jurisdictions of South Haven Township, Casco Township, Covert Township, or the South Haven/Casco Authority.
4. If there is damage to the from any cause whatsoever to the public water distribution or sanitary sewer collection systems within the jurisdictions of South Haven Township, Casco Township, Covert Township, or the South Haven/Casco Authority, the SHAWSA, at its expense, shall repair such damage or replace such damaged portions of such systems. This shall not prevent the SHAWSA from seeking indemnification or contribution for such damage or the costs or such repair or replacement from any individual or entity partially or wholly responsible for such damage, including, without limitation, any party to this Contract that may be partially or wholly responsible for such damage.
5. If any portion of the public water distribution or sanitary sewer collection systems within the jurisdictions of South Haven Township, Casco Township, Covert Township, or the South Haven/Casco Authority is acquired by any governmental entity through eminent domain, the SHAWSA shall be entitled to the compensation or damages paid as a result of such acquisition.
6. The SHAWSA may not assign its rights with respect to the public water distribution or sanitary sewer collection systems within the jurisdictions of South Haven Township, Casco Township, Covert Township, or the South Haven/Casco Authority without the prior written consent of the party(ies) within which the affected portion is located.

2.4 Combined System. The City Water System and the water distribution systems of South Haven Township, Casco Township, Covert Township, and the South Haven/Casco Authority shall together be

called and operated as the “**SHAWSA Water System.**” The City Sewer System and the sanitary sewer collection systems of South Haven Township, Casco Township, Covert Township, and the South Haven/Casco Authority shall together be called and operated as the “**SHAWSA Sewer System.**” The SHAWSA Water System and SHAWSA Sewer System shall together be called the “**SHAWSA Systems.**”

2.5 Required Notices. Each of the parties, Allegan County and Van Buren County, shall give any notice of any actions taken or to be taken pursuant to this Contract, that may be required as an owner, person having an interest in, issuer of debt related to, or for any other reason, under any law, rule, regulation, approval, contract, covenant or representation that may be applicable to such party, Allegan County or Van Buren County, including for example, and not by way of limitation or exhaustion, the Michigan Department of Environmental Quality (“**MDEQ**”) and material events notices to be filed with the Municipal Securities Rulemaking Board’s (“**MRSB**”) Electronic Municipal Marketplace Access (“**EMMA**”). This is a mutual responsibility of the parties to ensure such notices are provided and (i) each of the parties agrees that the SHAWSA or its legal counsel may, but is not required to, provide such notices on its behalf, and (ii) the parties shall each verify to the SHAWSA and to one another that such notices have been given.

2.6 No Alienation. Except as otherwise expressly authorized by this Contract or as may be required as part of a transaction incurring debt incurred to repair, maintain, improve, enlarge, or expand any part or all of the SHAWSA Systems, the SHAWSA shall not sell, lease, assign or otherwise convey or alienate any interest in the SHAWSA Systems or any portion of the SHAWSA Systems without the prior approval by the governing bodies of each of the parties to this Contract.

### ARTICLE III

#### SYSTEMS OPERATIONS

3.1 SHAWSA Rights. The SHAWSA shall have all the rights, duties, privileges and powers to own, use, operate, repair, maintain, improve, expand and enlarge the SHAWSA Systems as if it were the full and complete owner of the SHAWSA Systems and, except for the City’s rights as the lessor of the City Water System and City Sewer System, shall have and may exercise all of the rights of each of the parties would have to acquire, construct, install, own, use, operate, repair, maintain, improve, expand and enlarge a public water or sanitary sewer system within its respective jurisdiction.

3.2 Compliance. SHAWSA shall own, use, operate, repair, maintain, improve, expand and enlarge the SHAWSA Systems in compliance with all applicable (i) laws, rules, regulations, permits, licenses, and orders of governmental agencies or officials of competent jurisdiction, (ii) common industry standards of good utility practices for water supply and sanitary sewer utilities, (iii) contractual requirements, covenants and representations, and (iv) other terms and conditions of this Contract.

3.3 Equal Benefit. All users of any part of the SHAWSA Systems as of the date of this Contract and all users within the jurisdictional boundaries of any party to this Contract shall be retail customers of the SHAWSA and shall be treated equally in terms of the services provided them. This does not preclude the

SHAWSA from subsequently providing service to additional users lying outside the jurisdictional boundaries of the parties to this Agreement as wholesale customers or on a different basis for service.

3.4 Expansion. Unless otherwise approved by the governing bodies of the parties to this Contract, extensions or expansions of the SHAWSA Systems to serve additional users or additional connections to the SHAWSA Systems shall be made only when such extensions, expansions, additional connections and service of additional users will not hamper or diminish services to existing users. Accordingly, the SHAWSA shall periodically undertake evaluations of the SHAWSA Systems to ensure the capacity exists within the SHAWSA Systems to serve all users reasonably projected to desire service within succeeding periods of time as it consistent with good utility practices. When such evaluations disclose that additional capacity, additional service lines or other improvements are needed to address reasonably foreseeable increases in demands for services, the SHAWSA shall determine whether and under what terms such improvements can be made consistent with the requirements of this Contract and without undue financial hardships for then existing SHAWSA Systems users. Except as otherwise provided in this Contract with respect to incurring additional debt and except that the SHAWSA shall first obtain the approval of the governing body of any party in which an extension of mains or other service lines are proposed before undertaking any such extension, the SHAWSA may plan and undertake such improvements without the approval of the parties to this Contract.

3.5 Purchasing. The Board shall have a written purchasing policy that shall generally require competitive bidding for projects, services, materials and supplies over a stated minimum amount that may be acquired without such bidding. The policy shall require Board approval of purchases or acquisitions of any interests in real property and of any personal property or services in excess of a specified minimum amount. The policy may provide exceptions for emergencies, for professional services, for contracts with a party to this Contract, for transactions for incurring debt, for contracts pursuant to Act 185, and in other stated circumstances. The policy shall comply with all laws applicable to such purchases or acquisitions, including those dealing with conflicts of interest.

3.6 Legal Authority. The parties hereby grant to SHAWSA the authority to adopt, amend as necessary or desired, and enforce rules and regulations governing use of the SHAWSA Systems. Those rules and regulations shall have the force of and may be enforced in the same manner as rules under adopted under Act 233.

A. To ensure there is no question about the SHAWSA's legal authority, the governing bodies of the City, South Haven Township, Casco Township, and Covert Township shall each adopt an ordinance providing the following:

The South Haven Area Water and Sewer Authority shall have the authority to adopt, amend, and enforce within its jurisdictional limits rules related to use of public water and sanitary sewer services provided by the South Haven Area Water and Sewer Authority within the

jurisdictional limits of the [City or Township] which shall have the same force and effect as a [City or Township] ordinance. Violations may be misdemeanors or municipal civil infractions, may be the basis for terminating service, shall be a nuisance per se, and shall require that any costs incurred by the [City or Township] or by the South Haven Area Water and Sewer Authority due to any violation by a user shall be paid in their entirety by the violating user. Such rules shall also provide for establishing, billing and collecting rates, fees and charges for connecting to and using public water and sanitary sewer services provided by the South Haven Area Water and Sewer Authority within the jurisdictional limits of the [City or Township] including providing that they are liens on the premises served to be enforced by the South Haven Area Water and Sewer Authority on behalf of the [City or Township] and, when unpaid the [City or Township] Treasurer shall add them to the *ad valorem* property tax bills of the [City or Township]. Failure to timely pay bills for such services shall also be a basis for terminating service.

B. The rules shall be in a form consistent with requirements of applicable federal and state laws, rules and regulations. To the extent required by federal or state agencies of competent jurisdiction, the rules shall be reviewed and approved by designated federal or state officials. Among other requirements, they shall address industrial pretreatment requirements, backflow prevention and cross connection requirements, and other issues.

C. Copies of the rules shall be available on a website to be operated and maintained by the SHAWSA. and a copy of the rules shall be provided to each of the parties for inspection and copying by interested persons.

D. The parties each hereby appoint the SHAWSA and SHAWSA personnel as each of their respective officers and agents for purposes of administering and enforcing the SHAWSA rules within each of their respective jurisdictions.

E. The parties shall each take other subsequent actions as may from time-to-time be determined to be necessary or appropriate to ensure the SHAWSA can fully implement, administer, and enforce the SHAWSA rules within each of their respective jurisdictions as contemplated by this section of this Contract.

3.7 Required Connection. All structures located on any parcel of property with the jurisdiction of any party to this Contract, the boundary of which is 200 feet or less from any SHAWSA System line, shall be required to connect to and use that SHAWSA System, unless SHAWSA engineers determine such a connection is not reasonably practical.

#### ARTICLE IV FRANCHISE AND CONSENT

4.1 Consent and Franchise. The parties hereby each grant to the SHAWSA a franchise to provide public water and sanitary sewer services within their respective jurisdictional Article VII, Section 29 of the Michigan Constitution of 1963. Each of the parties consents to the SHAWSA's use of rights-of-way within their respective jurisdictions for the construction, installation, use, operation, repair, replacement, improvement, extension and enlargement of public water and sanitary sewer mains and other pipes, pump or lift stations, and other facilities. However, no work shall be done within such rights-of-way without securing any permits or other approvals from the party in which the right-of-way is located and from other governmental entities owning or having jurisdiction over such rights-of-way as may be required by applicable statutes, ordinances, rules, regulations or policies. Moreover, once such work is completed the SHAWSA shall restore those rights-of-way to a condition at least as good as the condition they were in prior to such work.

## ARTICLE V FINANCIAL POWERS

5.1 General Financial Powers. Except as otherwise expressly limited by this Contract, the SHAWSA shall have all of the financial power and authority that could be provided to it pursuant to the MPA and any subsequent amendments to the MPA. Furthermore, except as otherwise expressly limited by this Contract, the SHAWSA shall have all of the financial power and authority, including those related to incurring debt and issuing bonds or notes, which could be exercised individually by each of the parties to this Contract. Other provisions granting or acknowledging specific financial powers and authority are not intended and shall not be construed to limit the generality of this provision or its applicability.

### 5.2 Expectations.

A. The parties intend that all costs incurred to acquire, construct, install, use, operate, repair, maintain, improve, extend, or expand all or any part of the SHAWSA Systems shall be paid by rates, fees and charges paid by users thereof or by special assessments levied against the property specially benefitting by capital improvements thereto.

B. The parties intend that a new user of either of the SHAWSA Systems shall pay for any SHAWSA Systems improvements undertaken to serve that new user. Accordingly, special assessments or special connection fees may be levied or charged to pay for such improvements.

C. The parties intend that if any expansion to or improvement of any facilities of either of the SHAWSA Systems is needed to serve any existing user need for significant additional service from either of the SHAWSA Systems shall pay for any such SHAWSA Systems improvements undertaken to provide the additional service to that user. Accordingly, special assessments or special connection fees may be levied or charged to pay for such improvements.

5.3 Contributions. The governing body of any one or more of the parties may agree to provide funds of that party to the SHAWSA according to terms and conditions approved by that governing body.

#### 5.4 Special Assessments.

A. The SHAWSA shall have all of the powers and authority to levy special assessments within the City, South Haven Township, Casco Township, and Covert Township that each of those parties has to levy special assessments against property located within a special assessment district within its respective jurisdiction. If the SHAWSA levies special assessments within a district located within the City, it shall comply with the procedures for doing so provided by the City Charter of the City and the City's Code of Ordinances. If the SHAWSA levies special assessments within a district in South Haven Township, Casco Township, or Covert Township, it shall comply with the procedures for doing so provided by 1954 PA 188, as amended, MCL 41.721 *et seq.* ("**Act 188**").

B. Alternatively, the City, South Haven Township, Casco Township, or Covert Township may levy special assessments within its respective jurisdiction and contract with the SHAWSA to provide the money so collected to pay for or to pay the debt service on debt incurred for improvements to one or both of the SHAWSA Systems.

C. The SHAWSA may, to the extent not prohibited by law, issue bonds in anticipation of the collection of special assessments levied or may use the proceeds of special assessments levied as provided hereunder to pay the debt service on any bonds levied for improvements to one or both of the SHAWSA Systems.

#### 5.5 New Debt.

A. The SHAWSA may issue revenue bonds pursuant to the Revenue Bond Act of 1933, 1933 PA 94, as amended, MCL 141.101 *et seq.* ("**Act 94**"). The SHAWSA may use any funds it receives from special assessments, from one of the parties, from a millage the SHAWSA levies, or from any other source available for it to use for such purposes to pay the debt service on any revenue bonds it issued.

B. The SHAWSA may also engage Allegan County, Van Buren County or both counties to finance SHAWSA's capital costs under Act 185.

C. The SHAWSA may enter into installment purchase agreements for the purchase of real or personal property in accordance with applicable state law.

5.6 Full Faith and Credit. To the extent not prohibited by law the SHAWSA may pledge to repayment of any debt it issues its full faith and credit as limited by the constitutional and statutory provisions. To the extent not prohibited by law, the City, South Haven Township, Casco Township, and Covert Township may pledge by a contract their respective full faith and credit as limited by the constitutional, statutory, and, if applicable, charter provisions to the repayment of all or any portion of any debt issued by the SHAWSA to the extent such debt is issued to finance the cost of repair, maintenance, improvements, replacements, extension, or expansions within the jurisdictional border of the entity making that pledge.

5.7 Existing Debt. Upon the effective date of the leases and assignments to be made pursuant to section 2.1 of this Contract and of any conveyance and corresponding assignment from a party made pursuant to section 2.3 of this Contract, the SHAWSA shall be liable for repayment of the debt of the party making such lease, conveyance and corresponding assignment which shall be paid from the fund balances assigned or conveyed by the conveying party, from rates, fees and charges collected by the SHAWSA pursuant to this Contract, and from such other sources of revenues as may properly be available to the SHAWSA for repayment of such debts.

A. The SHAWSA shall make all debt payments by their due dates and shall provide a written confirmation to the originally issuing party that each payment has been made. Payments on the debt issued by Allegan County and Van Buren County shall be made to them at least 7 days before their due dates.

B. The SHAWSA shall also provide that party an annual accounting of the payments.

C. The SHAWSA shall also file when due any required material events or other notices with respect to any such debt. This is a joint obligation with the party, Allegan County or VanBuren County that is the issuer of the debt.

D. The SHAWSA shall not allow any operation or use of the SHAWSA Systems that would cause the interest on any such debt to be included in gross income for federal income tax purposes pursuant to the Internal Revenues Code of 1986, as amended.

E. The SHAWSA shall comply with all bond covenants of any such debt.

5.8 Tax. The parties do not currently envision that the SHAWSA will levy any tax. But, the parties want to allow for that possibility should the governing bodies of the City, South Haven Township, Casco Township, and Covert Township each agree with the SHAWSA Board that the levy of a tax is necessary and appropriate. The SHAWSA may then levy a tax with the required votes of the electors as provided in the MPA. If approve, that tax shall be levied and collected at the same time and in the same manner as provided by the General Property Tax Act, 1893 PA 206, as amended, MCL 211.1 *et seq*. The MPA requires all of the following with respect to any tax or any renewal so that the governing body of each of the municipal government parties and the electorate of each of the municipal government parties must approve of the levy of any tax. (This means that the governing body of any one of the municipal government parties or the electorate of any one of the municipal government parties could prevent the SHAWSA's levy of a tax.)

A. A proposal for a tax shall not be placed on the ballot unless the proposal is adopted by a resolution of the governing bodies of the City, South Haven Township, Casco Township and Covert Township.

B. The proposal for a tax to be levied by the SHAWSA may be submitted to a vote only at an even year general November election.

C. The SHAWSA may levy a new tax or the increase of an existing tax only if a majority of the electors in the in each of the governmental parties, *i.e.*, in the City, South Haven Township, Casco Township and Covert Township.

D. The SHAWSA may levy the renewal of an existing tax only if a majority of the electors each of the governmental parties, *i.e.*, in the City, South Haven Township, Casco Township and Covert Township, voting on the renewal of the existing tax approve the tax.

5.9 UBAA Compliance. The SHAWSA shall comply with the Uniform Budgeting and Accounting Act, 1968 PA 2, as amended, MCL 141.421 *et seq.* Before approving any annual budget or adopting its annual appropriations ordinance, the Board shall present its proposed budget to the governing body of each of the parties and allow at least 30 days for that governing body to provide comments on the proposed budget.

5.10 Fiscal Year. The SHAWSA's fiscal year shall begin January 1 and end December 31.

## ARTICLE VI RATES AND CHARGES

### 6.1 Rate Basis.

A. All rates, fees and charges for services of the SHAWSA Systems shall be based on a methodology generally recognized by the American Water Works Association and shall also comply with any federal and state laws, rules and regulations, terms of any federal and state grant and loan agreements, and other legal requirements.

B. The Board shall establish a rate setting methodology that shall be documented in writing and applied until the Board amends it.

C. Rates shall be reviewed not less frequently than annually and adjusted as needed so that they provide all the revenues needed to cover all costs for operation, maintenance, repair and replacement, as well as debt service, including any covenanted or otherwise required coverage requirements and as otherwise generally consistent with good utility practices.

6.2 O, M and R. It is the intention of the parties that all users of the SHAWSA Systems, regardless of which party's jurisdiction in which they are located, shall pay the same operation, maintenance, repair and replacement rates, fees and charges. Therefore, operation, maintenance, repair and replacement rates, fees and charges shall be established for the SHAWSA Water System and the SHAWSA Sewer System without regard to which party's jurisdiction in which the user is located.

A. However, this shall not prevent differentials in charges based on volumes, peak demands, times of peak uses, the character and strength of wastewater discharges, special pressure requirements, and other differences in services needed by or provided to a user. Surcharges and other special charges may be imposed to address such differences.

B. In addition, charges may be different for users with grinder pumps or other special maintenance, repair and replacement items.

6.3 Debt Service Charges. Each of the parties currently has outstanding debt. Each of the parties currently imposes charges upon users of public water and sanitary sewer services within its respective jurisdiction to pay such debt service. The SHAWSA shall continue to collect, adjusting as necessary or appropriate, those differing debt service charges from users in each of the parties' respective jurisdictions and use them to make the debt service payments on the outstanding bonds.

6.4 No Free Service. The SHAWSA shall not provide any free service to any user of either of the SHAWSA Systems.

6.5 Special Contracts. When it is deemed by the Board to be consistent with interests of the SHAWSA, the SHAWSA may enter into special contracts with a user to provide service or to provide for specified rates, fees and charges that deviate from those generally applicable, provided the contractual rates, fees and charges fairly allocate costs of the applicable to SHAWSA System(s) to each user that is a party to such a contract.

## ARTICLE VII

### PERSONNEL

7.1 Employees. The SHAWSA may employ such personnel as the Board determines are necessary to perform its duties, obligations and functions under this Contract and may provide such salaries, wages, benefits and other compensation as it determines is reasonable to provide such employees.

7.2 Contracts for Services. The SHAWSA may contract with any party or any other individual or entity to provide services to the SHAWSA to perform its duties, obligations and functions under this Contract, including professional, clerical, accounting, auditing, operation and maintenance, construction and installation, inspection, and any other services.

7.3 CEO. The SHAWSA shall employ or engage by a contract a person to serve as its chief executive officer, who shall work on a schedule, have the duties and be compensated as provided in a contract between that individual or entity and the SHAWSA. Until December 31, 2020, Ross Stein, who currently fulfills that role for the South Haven/Casco Authority shall serve that role for the SHAWSA, provided Mr. Stein wishes to continue to do so, is capable of doing so, and faithfully performs such duties.

7.4 City Contract. The SHAWSA shall contract with the City to provide clerical, accounting, billing, operation and maintenance, inspection, and other routine services for the SHAWSA. The City shall

perform the same services for the SHAWSA Systems as it currently provides for the City Water System and the City Sewer System.

A. Payments made to the City for such services shall cover the costs of such services determined in accordance with standard municipal accounting procedures and shall pay

1. The wages, salaries and benefits of City staff performing such services, including any premium or overtime pay, all of which shall be billed by the City accounting to the time spent by each employee on SHAWSA work or on such other basis as the City and the SHAWSA agree.

2. The use of City equipment and vehicles.

3. Space in City buildings occupied exclusively for the SHAWSA or an appropriate allocation of costs for such space as is determined to be necessary to provide the City services to the SHAWSA.

4. A portion of pension and retiree health care benefits for employees performing services for the SHAWSA that is allocated in accordance with municipal accounting standards.

5. An overhead payment for human resources, oversight and management of staff performing services for the SHAWSA, budgeting and auditing, and other administration related to City services provided to the SHAWSA, that shall not exceed \_\_\_% of the employment costs paid pursuant to subsection 7.4.A.1.

B. The contract with the City may provide for its termination if the City fails, after notice and an opportunity to cure, to perform such services in a manner that enables the SHAWSA to comply with the terms and conditions of this Contract. For example, if the SHAWSA fails to operate either of the SHAWSA Systems in compliance with applicable legal requirements due to the failure of City personnel, the SHAWSA may terminate the contract with the City.

C. The City and SHAWSA may mutually agree to modify the contract between them to shorten its duration, to limit or increase the services to be provided, or to alter it in a manner they agree is beneficial for one or both of them.

D. The contract with the City shall provide that, to the extent the SHAWSA is required to pay fines or penalties due to the unlawful actions of City employees performing services for the SHAWSA, the City shall pay SHAWSA the full amounts of any such fines or penalties, except to the extent any such fines or penalties result from any direction, management, or other actions, statements or oversights of the SHAWSA.

E. The contract shall also provide that the City shall hold the SHAWSA harmless from, indemnify the SHAWSA for and defend the SHAWSA against any claims, causes of action, lawsuits, or other proceedings arising from property damage or personal injuries due to the wrongful or negligent acts

of City personnel performing services for the SHAWSA, except to the extent any such property damage or personal injuries result from any direction, management, or other actions, statements or oversights of the SHAWSA.

## ARTICLE VIII

### INDEMNIFICATION AND INSURANCE

8.1 Indemnification. The SHAWSA shall hold the parties to this Contract, Allegan County, and Van Buren County, harmless from, indemnify them for, and defend them against, any and all claims, causes of action, lawsuits and other proceedings, judgments, awards, administrative actions and other losses of any kind resulting from the acquisition, lease, ownership, use, operation, repair, maintenance, replacement, improvement, extension, or expansion of the SHAWSA Systems, except to the extent resulting from the negligence or wrongdoing of such party, Allegan County or Van Buren County.

8.2 Insurance. The SHAWSA shall obtain and maintain the following and provide upon request to any party, Allegan County or Van Buren County copies of all policies, endorsements, certificates of insurance and proofs of premium payment:

- A. Workers disability compensation coverage in required amounts covering all SHAWSA employees.
- B. Unemployment compensation coverage for all SHAWSA employees.
- C. No fault insurance coverage for all vehicles owned by the SHAWSA with coverage in amounts determined by the Board to be reasonable and prudent.
- D. Liability insurance in amounts and with such coverage as is consistent with good utility practices for public water and sanitary sewer systems. If any party to this Contract questions the adequacy of such coverage, the Board shall defer to the determination by a majority vote of a committee consisting of SHAWSA's general legal counsel, the general counsel for the City, SHAWSA's risk management officer (who may be a person designated by the SHAWSA insurance agent or carrier), the risk manager for Van Buren County, the risk manager for Allegan County, the SHAWSA CEO, and the risk manager for the City of Grand Rapids.
- E. Casualty and property insurance against fire, flood, wind and other casualty losses, theft, vandalism and other destruction to or damage of any portion of the SHAWSA Systems, such that in case of such destruction or damage, the insurance proceeds, plus a commercially reasonable deductible will be sufficient to rebuild or replace such portion that is destroyed or damaged.

## ARTICLE IX

### TERM AND TERMINATION

9.1 Term. The initial term of this Contract shall be \_\_\_ years, terminating on December 31, 20\_\_.

9.2 Renewal. After the initial term, this Contract shall renew for subsequent 10 year renewal terms unless any party provides notice of its intent not to renew at least 2 years prior to the end of the initial term or any renewal term.

9.3 Termination. This Contract may be terminated under the following situations:

- A. If the parties agree, this Contract may be terminated as provided in their written agreement to terminate this Contract.
- B. If all but one of the parties wishes to withdraw from this Contract, this Agreement shall terminate on the effective date of such withdrawal.

9.4 Withdrawal. A party may withdraw from this Agreement upon at least 2 years written notice to all other parties. Upon withdrawal:

- A. The withdrawing party shall remain responsible for the payment of any debts incurred by the SHAWSA after date of this Agreement and before the effective date of the withdrawal, and shall pay the SHAWSA an amount equal to the debts service payments the SHAWSA would have received from users within the jurisdiction of the withdrawing party if the withdrawing party had not withdrawn.
- B. The withdrawing party shall also be responsible for the payment of any debts of the withdrawing party that were assumed by the SHAWSA.
- C. The SHAWSA shall convey to the withdrawing party all of the SHAWSA's right, title and interests in any real and personal property comprising the public water and sanitary sewer system components the withdrawing party initially conveyed to the SHAWSA in the condition they are in at the time of withdrawal. The SHAWSA may retain any other public water and sanitary sewer system lines and other facilities owned by the SHAWSA that are located within the jurisdiction of the withdrawing party and shall retain the consent of the withdrawing party under Article VII, section 29 of the Michigan Constitution of 1963, to use, operate, repair, maintain, replace and improves such components.

9.5 Cessation of South Haven/Casco Authority. The parties acknowledge that when its debt is retired or at some earlier or later time, the South Haven/Casco Authority may cease to exist. If and when that occurs, it will not be a withdrawal or have any effect on this Contract. Instead, there will simply be one fewer party to this Contract.

9.6 Effect of Termination. Upon the expiration or other termination of this Agreement, assets of the SHAWSA shall be conveyed to the parties as provided in this section:

- A. If the parties to this Contract at the time of its termination agree in writing on the disposition of the SHAWSA assets, the SHAWSA assets shall be disposed of in the manner agreed.
- B. Otherwise, SHAWSA assets shall be disposed of in the following manner:

1. The public water and sanitary sewer system components shall be conveyed to the parties to this Contract at the time of its termination in whose jurisdiction such components are located. If there are public water and sanitary sewer system components located outside the jurisdiction of the parties to this Contract at the time of its termination, such components shall be conveyed to the party to this Contract at the time of its termination whose jurisdiction is located closest to those public water and sanitary sewer system components.

2. SHAWSA funds shall first be applied any outstanding debt of the SHAWSA. If funds are remaining, they shall be distributed among the parties to this Contract at the time of its termination in proportion to revenues paid to the SHAWSA from users within the jurisdictions of each of the parties to this Contract at the time of its termination.

3. If at the time of the termination of this Contract, SHAWSA owns equipment, vehicles or other personal property that is not a fixed part of any public water or sanitary sewer system, that equipment, vehicles or other personal property shall be sold and the proceeds of the sale applied in accordance with the distribution of SHAWSA funds in the preceding paragraph 9.6.B.2, *i.e.* applied first against any outstanding debt, with any remainder distributed proportionally among the parties.

C. Upon the distribution of SHAWSA assets, the party to which those portions of the assets comprising all or portions of public water or sanitary sewer systems have been shall have jurisdiction over that portion of such public water or sanitary sewer system and shall adopt ordinances and take other actions required by applicable law to obtain, assign or transfer permits and other approvals, file notices with state and federal authorities, and use, own, operate, repair, maintain, expand, extend, improve and replace that portion of such public water or sanitary sewer system in compliance with all applicable laws, rules, regulations, permits and other approvals.

## ARTICLE X REMEDIES

### 10.1 Remedies.

A. Before a party may undertake any legal or equitable action pursuant to or to enforce any provision of this Agreement, that party shall first notify in writing the other parties of the basis for the claim, including detailed recitations of the facts and the law upon which the claiming party is relying. The parties receiving such claim letter shall, within 21 days of receiving the claim, respond in writing identifying those issues on which there is agreement and stating in detail the facts and law upon which the responding party is relying. The parties shall schedule a meeting to occur within 14 days after the date the response is due to discuss and seek to resolve the dispute. These time frames may be adjusted by the written consent of the parties.

B. The parties agree that remedies at law are inadequate and the parties shall have the right to all equitable remedies including, without limitation, mandamus, specific performance and injunctive relief.

C. To the extent not prohibited by law, the parties agree that the prevailing party in any action brought by either of them against the other pursuant to or to enforce any provision of this Agreement may, in addition to any other remedy to which it may be entitled, recover its actual reasonable costs, including, without limitation, actual reasonable filing fees, attorney fees, expert consulting and witness costs, discovery costs, investigative costs, professional fees and any other expenses incurred to investigate, bring, maintain or defend any such action from its first accrual or first notice thereof through all appellate and any collection proceedings.

## ARTICLE XI

### PROVISIONS THAT DIDN'T FIT EARLIER

11.1 Notices. Any notice, demand, or communication required, permitted, or desired to be given under this Contract shall be deemed effectively given when personally delivered, delivered by a courier services such as FedEx or UPS, or the receipt date when mailed by certified mail, return receipt requested, delivered to those addresses first provided above. The parties may, by written notice, designate any further or different address to which subsequent notices, demands, or communications may be given. The parties may also designate e-mail or other addresses for written notices to be given.

11.2 Replacement. To the extent doing so will not violate any applicable laws, rules, regulations or permit requirements and will not violate any covenant made in any issuance of debt by or on behalf of any of the parties, this Contract shall supersede and replace all prior written agreements among any of the parties with respect to public water and sanitary sewer service in the City, South Haven Township, Casco Township, and Covert Township including, without limitation, the following:

- A. Franchise and Water and Wastewater Service Agreement among the City, South Haven Township and Casco Township dated December 28, 1994.
- B. Agreement and Consent for Use of Right-of-Way between the City and South Haven Township dated December 28, 1994.
- C. Water Service Contract between the City and Covert Township dated March 13, 1997, as amended September 8 1998.
- D. Covert Water Agreement among the City, Covert, Van Buren County, Allegan County, South Haven Township, and the South Haven/Casco Authority dated May 1, 1997, as amended February 1, 2006.
- E. Capacity and Replacement Rate Contract among Casco Township, South Haven Township, the City and the South Haven/Casco Authority dated April 7, 2008.

11.3 Interpretation.

A. The article, section, and other headings in this Contract are for reference purposes only and shall not in any way affect its meaning or interpretation. However, the recitals are an integral part of this Contract.

B. This Contract is the entire agreement between the parties with respect to its subject matter. It supersedes and replaces all previous or contemporaneous, express or implied, written or oral statements, covenants, representations or agreements. So, no oral statements or prior or contemporaneous written material not specifically incorporated in this Contract shall be of any force and effect, and all parties specifically acknowledge, in entering into and executing this Contract, they are relying solely upon the representations and agreements contained in this Contract and no others.

C. This Contract may not be amended except in writing signed by all parties following resolutions adopted by their respective governing bodies.

D. This Contract may be executed in any number of counterparts and each such counterpart shall be considered a valid original.

E. All parties consulted legal counsel and had input into the drafting of this Contract. It should therefore be construed as if it were mutually drafted.

11.4 Assignment. No party may assign any of its rights, duties or obligations under this Contract without the other parties' prior written consent.

11.5 Additional Documents. The parties agree to execute and deliver additional documents as are reasonably determined to be needed by legal counsel for the SHAWSA and the parties to give full effect and to fully implement this Contract.

The parties have signed this Agreement as of the date first written above.

CITY OF SOUTH HAVEN

CHARTER TOWNSHIP OF SOUTH HAVEN

By: \_\_\_\_\_  
Robert Burr, Mayor

By: \_\_\_\_\_  
Ross Stein, Supervisor

By: \_\_\_\_\_  
Amanda Morgan, Clerk

By: \_\_\_\_\_  
Brenda Bertorelli, Clerk

Date signed: \_\_\_\_\_, 2015  
Authorized by Resolution No. \_\_\_\_, adopted  
\_\_\_\_\_, 2015

Date signed: \_\_\_\_\_, 2015  
Authorized by Resolution No. \_\_\_\_, adopted  
\_\_\_\_\_, 2015

TOWNSHIP OF CASCO

TOWNSHIP OF COVERT

By: \_\_\_\_\_  
Allan W. Overhiser, Supervisor

By: \_\_\_\_\_  
Barbara Rose, Supervisor

By: \_\_\_\_\_  
Cheryl Brenner, Clerk

By: \_\_\_\_\_  
Dennis Palgen, Clerk

Date signed: \_\_\_\_\_, 2015  
Authorized by Resolution No. \_\_\_\_, adopted  
\_\_\_\_\_, 2015

Date signed: \_\_\_\_\_, 2015  
Authorized by Resolution No. \_\_\_\_, adopted  
\_\_\_\_\_, 2015

SOUTH HAVEN/CASCO TOWNSHIP SEWER AND WATER AUTHORITY

By: \_\_\_\_\_  
Ross Stein, Chairperson

By: \_\_\_\_\_  
\_\_\_\_\_, Secretary

Date signed: \_\_\_\_\_, 2015  
Authorized by Resolution No. \_\_\_\_, adopted \_\_\_\_\_, 2015

**Signing to consent to sections 2.3, 2.5, 5.7 and 6.3, but not as a party to this Contract.**

County of Allegan, acting by and through its Board  
of Public Works

County of Van Buren, acting by and through its  
Road Commission as the successor to the Board  
of Public Works

By: \_\_\_\_\_  
\_\_\_\_\_, Chairperson, BPW

By: \_\_\_\_\_  
Reginald D. Boze, Chairman

By: \_\_\_\_\_  
Denise Medemar, Secretary, BPW

By: \_\_\_\_\_  
W.C. Askew, Sr., Vice-Chairman

Date signed: \_\_\_\_\_, 2015  
Authorized by Resolution No. \_\_\_\_, adopted  
\_\_\_\_\_, 2015

Date signed: \_\_\_\_\_, 2015  
Authorized by Resolution No. \_\_\_\_, adopted  
\_\_\_\_\_, 2015

**EXHIBIT A**  
**MAJOR COMPONENTS OF SYSTEMS**

City Water System

City Sanitary Sewer System

South Haven Township Water Distribution System

South Haven Township Sanitary Sewer Collection System

Casco Township Water Distribution System

Casco Township Sanitary Sewer Collection System

Covert Township Water Distribution System

Covert Township Sanitary Sewer Collection System

**EXHIBIT B**  
**ASSETS OF THE CITY WATER SYSTEM AND THE CITY SEWER SYSTEM**

DRAFT

**EXHIBIT C**  
**LIABILITIES OF THE CITY WATER SYSTEM AND THE CITY SEWER SYSTEM**

DRAFT

**EXHIBIT D**  
**CONTRACTS AFFECTING CITY WATER SYSTEM AND CITY SEWER SYSTEM**

DRAFT

**EXHIBIT E**  
**UNAUDITED ACCOUNTING OF CITY WATER SYSTEM AND CITY SEWER SYSTEM**

DRAFT

GRAPIDS 57671-1 356509v2

# Proposed

# “South Haven Area Water-Sewer Authority”

Joint Work Session:  
South Haven/Casco Township Sewer & Water Authority  
and  
South Haven Board of Public Utilities  
June 11, 2015

Presented by:  
Scott Smith  
Dickinson Wright PLLC

# A good time and a not-so-good time . . . .

- \* The City, BPU & Casco/South Haven Authority have reviewed capital needs, plans & costs.
- \* The City & Townships have cooperated in a number of efforts.
- \* City & Township are already cooperating on water & sewer.
- \* However, some complications make this a challenging time to undertake a regional authority.

# What complications?

- \* The number of involved entities:
  - \* City of South Haven
  - \* Casco Township
  - \* South Haven Charter Township
  - \* Allegan County
  - \* VanBuren County
  - \* Casco/South Haven Township Sewer & Water Authority
- \* All have some ownership interest.
- \* Outstanding debt balances.

# So, why consider it?

- \* Joint ownership & control.
- \* Sharing of plants, resources, & responsibilities.
- \* All users will have voting representatives.
- \* Better planning.
- \* Better utilization.
- \* Common O & M rates.
- \* Common approach to water/sewer systems' care.

# What authorizes it?

- \* 2 principally available statutes:
  - \* 1955 PA 233 – used for Casco-South Haven Authority.
  - \* Municipal Partnership Act, 2011 PA 258.
- \* MPA may allow more flexibility, particularly in funding.
- \* Bond markets not as familiar with MPA, but with bond counsel you have used in past, likely no problem.
- \* MPA requires contract to address certain issues & allows addressing others.

# SHAWSA purposes.

The South Haven Area Water-Sewer Authority (“**SHAWSA**”) is created for the purposes of acquiring, owning, leasing, constructing, installing, operating, repairing, maintaining, replacing, improving, extending, enlarging and undertaking any and all other functions, powers and privileges regarding public water and sanitary sewer services in the City, South Haven Township and Casco Township.

# Governance.

- \* 5 member board with staggered 4-year terms serving at pleasure of appointing bodies.
  - \* 2 appointed by City Council.
  - \* 1 appointed by Casco Twp. Board.
  - \* 1 appointed by South Haven Twp. Board.
  - \* 1 jointly appointed by City Council, Casco Twp. Board & South Haven Twp. Board, based on recommendation by the 4 other Board members.

# SHAWSA powers.

- A. ... acquire, own, lease, construct, install, operate, repair, maintain, replace, improve, extend, enlarge & undertake any & functions, powers & privileges regarding water & sewer services in City & Townships.
- B. ...adopt ordinances, rules and regulations for water & sewer services in City & Townships.  
...issue permits to connect to, to use or to construct, install, operate, repair, maintain, replace, improve, extend, or enlarge water & sewer services in City & Townships.
- C. ...apply for, hold, maintain and renew any permits, certificates, licenses or other approvals needed to undertake functions, powers and privileges regarding water & sewer services in City & Townships.
- D. ...acquire by purchase, by lease, or by eminent domain, any real or personal property necessary to fulfill its functions, duties or obligations, or to exercise privileges related to water and sewer services in City & Townships.
- E. ...employ or contract for or engage such personnel, firms, service providers, contractors, professionals or others to fulfill functions, duties or obligations, or exercise its privileges related to water and sewer services in City & Townships.
- F. ...fulfill functions, duties or obligations, or exercise privileges or powers related to water & sewer services in City& Townships, by entering into contracts with one or more of the parties or others.
- G. ...exercise any powers or privileges provided by the Contract or by the MPA.

# Ownership & control.

- \* State constitution requires vote to convey City water/sewer systems.
  - \* Contract would allow for ultimate conveyance.
  - \* Like in Detroit, lease of Systems without a vote.
    - \* (Unlike Detroit, rent is \$1.00 per year.)
- \* Townships' systems will be conveyed when possible.
  - \* Counties would consent to that arrangement.
- \* Combined Systems would be called "SHAWSA Water System" & "SHAWSA Sewer System."
- \* SHAWSA would control, operate & manage all as if it absolutely owned all.

# SHAWSA operating principles.

- \* All users are retail customers treated equally.
- \* Board can approve expansion without approvals of local governments provided it does not require debt or impair existing service. (But need approval to extend lines within a local government.)
- \* Must have a written purchasing policy.
- \* May (really, must) adopt & enforce rules & regulations.
- \* Rates are to pay for all costs.

# SHAWSA funding.

- \* Generally, rates, fees & charges.
- \* Special assessments.
- \* Tax levy:
  - \* Requires prior approval of each Township Board & City Council.
  - \* Requires approval of voters in each local government at an even year general election.
- \* Contributions from local governments.
- \* Contractual payments.
- \* Fire hydrant rents & other emergency services uses.

# Debt.

- \* New debt requires approval of each Township Board & City Council.
  - \* Revenue bonds.
  - \* Contract bonds.
  - \* Installment purchase agreements.
  - \* Special assessment bonds.
  - \* Act 185 bonds.
- \* New debt will be issued by SHAWSA, not by local governments.
- \* Existing debt will be paid from rates paid by current users already paying the debt or by their local government.
- \* Local governments may pledge full faith & credit.

# Rates.

- \* All users will pay the same OMR&R charges.
- \* Current debt service charges continue until debts are paid.
- \* No free service.
- \* Special contracts are possible.
- \* SHAWSA Board will set rates on “cost of service” basis.

# Initial arrangements.

- \* SHAWSA would initially contract with City for services based on the actual cost of providing the services.
- \* For continuity, Mr. Stein, who currently serves as Casco/South Haven Authority staff, would continue to serve as a liaison.

# Other provisions.

- \* Withdrawal with 2 years notice & continuing debt obligations.
- \* Termination results in disposal of SHAWSA assets:
  - \* As directed by parties, or
  - \* In the following way:
    - \* System components to local governments in which they are located.
    - \* Sale of personal property.
    - \* Funds, including sales proceeds, applied 1<sup>st</sup> to debt, then proportionally based on system revenues.



**Questions?**



City of South Haven

## Agenda Item #12

Public Act 95 of 2013

### Background Information:

On July 1, 2013, Gov. Snyder signed Senate Bill 284 creating Public Act 95 of 2013. The bill authorizes the Public Service Commission to raise up to \$50 million annually for low income energy assistance in Michigan. The money will be placed in the Low Income Energy Assistance Fund (LIEAF) and will be dispensed by the Department of Human Services. The legislation requires that the money collected from a geographic area is returned, to the extent possible, to that geographic area. Low income customers will be able to receive State assistance to pay electric, natural gas, and propane bills.

In order to raise the \$50 million annual stipend, the legislation requires all electric utilities in Michigan, including municipal utilities, to place a monthly surcharge on customer bills and send the collected money to the State on an annual basis. The monthly surcharge will be established by the State but will not be more than \$1.00 per customer. A customer who has multiple meters at their residence is to be billed the surcharge on only one meter.

The legislation does include an opt-out provision for all utilities. Each year, a utility may file a notice with the Public Service Commission by July 1 indicating that they desire to opt out of collecting the surcharge. A utility that opts out may not shut off service to any residential customer from November 1 to April 15 for nonpayment of a delinquent account. Michigan's two largest electric providers, Consumers Energy and DTE, both intend to collect the surcharge.

In 2009, the legislature passed a series of bills that placed winter shutoff restrictions on municipal utilities. These bills place restrictions on performing winter shutoffs for certain customers. Eligible military customers, critical care customers, and senior citizens are provided certain shutoff protections by these bills. In addition, there are specific steps outlined that must be followed by the City to legally shut off a residential customer during the heating season (defined as November 1 through March 31). Due to the complexity of the legislation, the City's practice has been to restrict all residential shutoffs during the heating season. If the City elects to opt out of collecting the low income surcharge, we will not be permitted to shut off service to any residential customer from November 1 to April 15 for nonpayment of a delinquent account. Since we already limit winter shutoffs, utility operations will not be substantially changed if the City elects to opt out.

At the beginning of the past heating season, there was some confusion related to the types of assistance available to City electric customers. The Michigan Department of Human Services (DHS) denied State Emergency Relief (SER) funding to customers of any electric utility that elected to opt out of collecting the surcharge. The SER program is funded with federal Low Income Home Energy Assistance Program (LIHEAP) dollars and not through the LIEAF program. DHS determined that City customers seeking SER funding were not in threat of shutoff and ineligible to receive SER funds.

The \$50 million collected through the LIEAF program is distributed to customers via the Michigan Energy Assistance Program (MEAP) established by Public Act 615 of 2012. The purpose of the Michigan Energy Assistance Program is to implement preventative programs designed to help low-income customers reach energy self-sufficiency. This program distributes \$50 million of LIEAF money and \$40 million in LIHEAP funds via grants to 14 various entities. South Haven electric customers are eligible to seek assistance from the following six agencies providing services in Van Buren County:

Bureau of Community Action and Economic Opportunity  
Michigan Community Action Agency Association  
The Salvation Army  
SEMCO Energy Gas Company  
The Heat and Warmth Fund  
True North Community Services

MEAP Grant Program Fact Sheets can be downloaded from the State's website: [http://www.michigan.gov/mpsc/0,4639,7-159-52493\\_52588-317123--,00.html](http://www.michigan.gov/mpsc/0,4639,7-159-52493_52588-317123--,00.html).

During the 2013-2014 heating season, 14 municipal electric utilities elected to collect the surcharge while 27 elected to opt out. The Michigan Public Service Commission requires an annual filing on each utility's opt-out choice. If the City does not opt out, approximately \$100,000 will be paid to the state in the upcoming fiscal year.

City Council, at the Board's recommendation, has elected to opt out of collecting the surcharge for the past two years. In the past, the following reasons have been given for electing to opt out of collecting the surcharge:

1. Council was concerned that a portion of the surcharge would be used to assist customers outside of the City's service territory.
2. Council felt that it was unfair to subsidize customers of the investor owned gas utility operating in the City's service territory.
3. Since 2009, the City has implemented an unwritten policy restricting residential customer shutoffs during the heating season.

**Recommendation:**

It is recommended 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, 2015 to April 15, 2016.

The Board is requested to make a recommendation to City Council for review at their July 6, 2015 regular meeting.

**Support Material:**

2013 Senate Bill 0284  
Legislative Analysis

**STATE OF MICHIGAN**  
**97TH LEGISLATURE**  
**REGULAR SESSION OF 2013**

**Introduced by Senators Nofs, Bieda, Caswell, Hopgood, Proos, Young, Anderson, Brandenburg, Jones,  
Schuitmaker, Walker, Marleau and Pappageorge**

# **ENROLLED SENATE BILL No. 284**

AN ACT to amend 1939 PA 3, entitled “An act to provide for the regulation and control of public and certain private utilities and other services affected with a public interest within this state; to provide for alternative energy suppliers; to provide for licensing; to include municipally owned utilities and other providers of energy under certain provisions of this act; to create a public service commission and to prescribe and define its powers and duties; to abolish the Michigan public utilities commission and to confer the powers and duties vested by law on the public service commission; to provide for the continuance, transfer, and completion of certain matters and proceedings; to abolish automatic adjustment clauses; to prohibit certain rate increases without notice and hearing; to qualify residential energy conservation programs permitted under state law for certain federal exemption; to create a fund; to provide for a restructuring of the manner in which energy is provided in this state; to encourage the utilization of resource recovery facilities; to prohibit certain acts and practices of providers of energy; to allow for the securitization of stranded costs; to reduce rates; to provide for appeals; to provide appropriations; to declare the effect and purpose of this act; to prescribe remedies and penalties; and to repeal acts and parts of acts,” (MCL 460.1 to 460.11) by adding section 9t.

*The People of the State of Michigan enact:*

Sec. 9t. (1) The low-income energy assistance fund is created within the state treasury.

(2) The state treasurer may receive money or other assets from any source for deposit into the fund. The state treasurer shall direct the investment of the fund. The state treasurer shall credit to the fund interest and earnings from fund investments.

(3) Money in the fund at the close of the fiscal year shall remain in the fund and shall not lapse to the general fund.

(4) The department of licensing and regulatory affairs shall be the administrator of the fund for auditing purposes.

(5) Subject to the limitations imposed in this section, the department of human services shall expend money from the fund, upon appropriation, as provided in the Michigan energy assistance act, 2012 PA 615, MCL 400.1231 to 400.1236. The department of human services, in consultation with the public service commission, shall ensure that all money collected for the fund from a geographic area is returned, to the extent possible, to that geographic area.

(6) Subject to the limitations imposed in this subsection, the public service commission may, after an opportunity to comment, annually approve a low-income energy assistance funding factor no later than July 31 of each year for the subsequent fiscal year. The low-income energy assistance funding factor shall be the same across all customer classes and shall not exceed \$1.00. The amount used by the public service commission to calculate a low-income energy assistance funding factor during each fiscal year shall not exceed \$50,000,000.00 minus both the amount appropriated from the general fund in that fiscal year for home energy assistance and the amount remaining in the fund from the prior fiscal year. An electric utility, municipally owned electric utility, or cooperative electric utility that collects money under this subsection shall remit that money to the state treasurer for deposit in the fund on a monthly basis no later than 30 days

after the last day in each calendar month. The electric utility, municipally owned electric utility, or cooperative electric utility shall list the low-income energy assistance funding factor as a separate line item on each customer's bill.

(7) An electric utility, municipally owned electric utility, or cooperative electric utility may elect to not collect a low-income energy assistance funding factor under this section by annually filing a notice with the public service commission by July 1. Notwithstanding any other provision of this act, an electric utility, municipally owned electric utility, or cooperative electric utility that elects to not collect a low-income energy assistance funding factor under this section shall not shut off service to any residential customer from November 1 to April 15 for nonpayment of a delinquent account.

(8) An electric utility, municipally owned electric utility, or cooperative electric utility that does not opt out under subsection (7), or an association representing a municipally owned electric utility or cooperative electric utility that does not opt out under subsection (7), shall annually provide to the public service commission by July 1 the number of retail billing meters it serves in this state that are subject to the low-income energy assistance funding factor.

(9) Nothing in this act gives the public service commission the power to regulate a municipally owned electric utility.

(10) As used in this section:

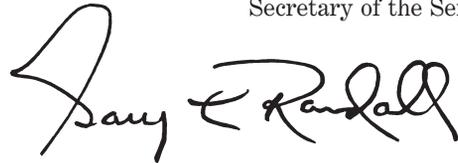
(a) "Fund" means the low-income energy assistance fund created in subsection (1).

(b) "Low-income energy assistance funding factor" means a nonbypassable surcharge on each retail billing meter payable monthly by every customer receiving a retail distribution service from an electric utility, municipally owned electric utility, or cooperative electric utility that does not opt out under subsection (7), regardless of the identity of the customer's electric generation supplier. The low-income energy assistance funding factor shall not be charged on more than 1 residential meter per residential site.

This act is ordered to take immediate effect.



Secretary of the Senate



Clerk of the House of Representatives

Approved .....

.....  
Governor

## LOW-INCOME ENERGY ASSISTANCE PROGRAM

Mary Ann Cleary, Director  
Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**Senate Bill 284 (Proposed H-1 Substitute)**

**Sponsor: Sen. Mike Nofs**

**House Committee: Energy and Technology**

**Senate Committee: Energy and Technology**

**Complete to 6-11-13**

## A REVISED SUMMARY OF PROPOSED H-1 SUBSTITUTE FOR SENATE BILL 284

Briefly, Senate Bill 284 would do the following:

- Create the Low-Income Energy Assistance Fund.
- Charge DHS with expending money from the Fund as provided in the Michigan Energy Assistance Act.
- Allow the MPSC to annually approve a low-income energy assistance funding factor (as a surcharge on an electric customer's bill) no greater than \$1 per month, and to cap the amount that could be collected each year.
- Allow an electric utility to opt out of the program, but then prohibit it from shutting off service to a residential customer from November 1 to April 15.
- Specify that the bill would not grant the MPSC power to regulate a municipally owned electric utility.

Senate Bill 284 would add Section 9t to Public Act 3 of 1939, which created the Michigan Public Service Commission (MPSC) and authorizes it to regulate public utilities (except municipally-owned utilities). The bill would create a long-term program to replace the now-defunct Low Income and Energy Efficiency Fund (LIEEF). In short, the bill would allow electric utilities to place a small surcharge (no more than \$1) on an electric customer's bill to generate funds to provide heating assistance to low-income individuals. (The bill would specify that nothing in PA 3 would give the MPSC the power to regulate a municipally owned electric utility.)

### Low-Income Energy Assistance Fund

The Fund would be created in the state treasury, investments directed by the state treasurer, and money in the fund at the close of a fiscal year would remain and not lapse to the General Fund. The Department of Licensing and Regulatory Affairs would be the administrator of the fund for auditing purposes.

Subject to limitations imposed by the bill, the Department of Human Services (DHS) would expend money from the fund, upon appropriation, as provided in the Michigan Energy Assistance Act (Public Act 615 of 2012). DHS, in consultation with the MPSC, would have to ensure that all money collected for the fund from a geographic area be returned, to the extent possible, to that geographic area.

### Low-Income Energy Assistance Funding Factor

After an opportunity to comment, the MPSC could annually approve a low-income energy assistance funding factor no later than July 31 of each year for the subsequent fiscal year. The term would be defined as a non-bypassable surcharge on each retail billing meter payable monthly by every customer receiving a retail distribution service from an electric utility, municipally owned electric utility, or cooperative electric utility that does not opt out under provisions of the bill, regardless of the identity of the customer's electric generation supplier. (In this sense, "retail" generally refers to an end user and thus includes both residential and commercial electric customers.) The LIEA funding factor could not be charged on more than one residential meter per residential site (for example, if a residential customer had a separate meter in a large garage or pole barn, only one LIEA funding factor would be attached to the monthly electric bill).

The LIEA funding factor would have to be the same across all customer classes and could not exceed \$1 per month. The amount used by the MPSC to calculate a LIEA funding factor during each fiscal year could not exceed \$50 million minus both the amount appropriated from the General Fund in that fiscal year for home energy assistance and the amount remaining in the fund from the prior fiscal year.

### Electric Utilities Collections & Opt Out

The bill would allow an electric utility, municipally owned electric utility, or cooperative electric utility to collect money under the above provisions. Any of these utilities could also choose to opt out of collecting the LIEA funding factor. To opt out, the utility would have to annually file a notice with the MPSC by July 1. If a utility opted out, it could not shut off service to any residential customer from November 1 to April 15 for nonpayment of a delinquent account (generally speaking, shut-off for nonpayment is prohibited only for certain categories of customers, such as low-income, seniors, and persons with a disability).

If a utility collects the LIEA funding factor, the money must be remitted to the state treasurer on a monthly basis no later than 30 days after the last day in each calendar month. The utility would have to list the LIEA funding factor as a separate line item on each customer's bill. In addition, the utility, or an association representing a municipally owned electric utility or cooperative electric utility, would have to provide to the MPSC by July 1 the number of retail billing meters it serves in the state that are subject to the LIEA funding factor.

## **FISCAL IMPACT:**

Senate Bill 284 would have a minimal fiscal impact on the Department of Human Services (DHS). The FY 2013-14 DHS budget appropriates \$60.0 million in low-income energy assistance funds for the new Michigan Energy Assistance Program (2012 PA 615), and this bill would provide the funding mechanism for up to \$50.0 million in low-income energy assistance funding<sup>1</sup>. The Governor did request, and the Legislature

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<sup>1</sup> Revenues drive the amount of funding available to appropriate, so the FY 2013-14 DHS budget would be overstating how much low-income energy assistance funding is available.

provided, 1.0 additional FTE funded with low-income energy assistance funds to administer the Michigan Energy Assistance Program.

Senate Bill 284 (H-1) would have a fiscal impact on the Michigan Public Service Commission (PSC) to the extent that the PSC would have to utilize staff to approve and oversee the collection of the Low-Income Energy Assistance (LIEA) Funding Factor and ensure, to the extent possible, that the revenue generated by the LIEA Funding Factor is expended for low-income energy assistance within the geographical area from which it was collected.<sup>2</sup> SB 284 (H-1) does not include a separate appropriation for the PSC to administer the LIEA program.<sup>3</sup>

SB 284 (H-1) would also have a nominal, yet indeterminate, fiscal impact on municipally-owned electric utilities to the extent that such utilities would either have to: 1) collect and remit revenue generated by the LIEA Funding Factor to the PSC on a monthly basis, or 2) annually file a notice with the PSC to opt out of the LIEA program and thus forfeit its ability to shut-off service to any residential customer during the heating season.

The PSC estimates that there are approximately 5.0 million electric customers in Michigan, with a roughly similar number of meters for the purposes of estimating a LIEA Funding Factor, and that the number of residential (i.e. single-family detached home) customers with more than one meter is negligible. Dividing the total annual amount, stipulated by SB 284 (H-1), that may be generated by the LIEA Funding Factor (\$50.0 million) by the estimated number of electric meters (5.0 million) in the state, results in a per customer LIEA Funding Factor of \$10 per year, or \$0.83 per month, assuming that no electric utilities opt out of collecting the LIEA Funding Factor.

Legislative Analyst: Susan Stutzky  
Fiscal Analyst: Paul Holland  
Kevin Koorstra

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.

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<sup>2</sup> It is not entirely clear by what means or with what statutory authority the PSC would be able to "ensure" that revenue generated by the LIEA Funding Factor was expended in area from which it was collected, since SB 284 (H-1) appropriates the LIEA Funding Factor revenue to the Department of Human Services (DHS) pursuant to 2012 PA 615. 2012 PA 615 does stipulate that, if DHS contracts with public or private entities to provide energy assistance, it shall do so in consultation with the PSC.

<sup>3</sup> Under the now defunct Low-Income Energy Efficiency Fund program (LIEEF), administrative costs of the PSC were not supported with the LIEEF funds but rather with public utility assessments levied on utilities by the PSC under the Costs of Regulating Public Utilities act of 1972. The PSC did not separately account for the administrative costs of the LIEEF program which was administered by PSC staff who were also engaged in administering unrelated responsibilities. As of the date this analysis was prepared, the PSC has not provided an estimate of the costs to administer the LIEA program if SB 284 (H-1) is enacted.



June 24, 2015

Mr. Roger Huff, Director  
Department of Public Works  
1199 8<sup>th</sup> Avenue  
South Haven, Michigan 49090-5319

**RE: Request for Variance to the Ordinance  
Section 86-156 Stormwater Disposition  
Belgravia Site: Environmental Concern  
MDEQ DMB File No. 761/07073.SAR**

Dear Mr. Huff:

Global Remediation Technologies, Inc. on behalf of the Michigan Department of Environmental Quality (MDEQ) Remediation and Redevelopment Division (RRD) presents this Request for Variance to the Ordinance under Section 86-156, titled Stormwater Disposition to the Board of Public Utilities and to the City Council. If granted the variance will assist with satisfying a portion of the Belgravia Site Environmental Concern; a slowly migrating chemical impact which emanates from 125 Elkenburg, South Haven, Van Buren County, Michigan. The backup documentation for this request and associated benefits (for the City of South Haven and the Environment) are described herein.

Sump Discharge Sample Results

**Table 1** presents the results of sampling residential sumps and Storm Sewers (SS) in the vicinity of 125 Elkenburg. Residential dwellings located at 107 and 108 Orchard are in a vulnerable location due to the groundwater flow direction and position of the chemical plume described later in this document. This comparison **Table 1** presents chemical results of sump discharge sampling and shows that these concentrations are within acceptable MDEQ-RRD values for groundwater *naturally venting* residual chemicals to the surface water interface (i.e. GSI). Although *natural venting* of chemicals at these values would be a regulatory acceptable practice, *pumping* impacted water to a storm sewer is not an acceptable practice. Therefore we

Request your permission to plumb sump-discharge piping into sanitary sewer from residential dwellings located at 107 and 108 Orchard Drive and provide the following information in consideration of your granting this request.

WWTP Acceptance Values

**Appendix A** describes the sump discharge volume estimates while **Table 2** presents calculations of the chlorinated volatile organic compounds (CVOCs) that would result from this sump discharge acceptance. Please note that **Table 1** describes a trichloroethylene value acceptable in drinking water (DW) as 5 ug/L. **Table 2** resultant calculations demonstrate that the concentration after passing through the plant would be 0.002 ug/L prior to any affected actual reduction by the plant treatment process.

Belgravia Site - Groundwater Flow and Chemical Plume

**Appendix B** presents groundwater flow from the Belgravia Site principally toward 108 Orchard in the shallow horizon. Appended figures within **Appendix A** also show the position of CVOCs in the shallow and intermediate horizons; trending toward 108 and 107 Orchard respectively.

Belgravia Site - Target Zone for Treatment (*Red-Line*) and Soil Lithology Profile

**Appendix C** depicts Zones of Chemical Impact by magnitude of chemical present. The inner most *red-line* identifies the most highly impacted region of the site; i.e. TCE concentrations above the soil saturation limit (Csat). This is the MDEQ-RRDs targeted area for treatment of the most chemically impacted soil on site. The cross section of **Appendix C** presents the location of the sump collection system relative to the chemical position that will undergo treatment; revealing that groundwater from near surface enter the sump and not the highly concentrated chemical impact zone.

Benefits of Sump Discharge Connections

The benefits recognized by granting this variance request include the following;

- Direct chemical discharge to the storm sewer (which eventually flows to Lake Michigan) without treatment is eliminated
- This connection is protective of human health and the environment
- The residential community does not have low-level chemically impacted water flowing in the storm sewer through its neighborhoods
- Cooperation with MDEQ-RRDs chemical clean-up plan will ultimately protect property values which we feel will be recognized reducing chemicals in the local environment

Proposed Sampling Plan

It is proposed that the subject sump discharge is sampled on quarterly basis through December of 2016 followed by semi-annual sampling in 2017 and 2018. Annual sampling is proposed thereafter until results suggest that the plumbing connection is made back to storm sewer.

Annual Reporting and Disconnect Evaluation

A letter report will be submitted to the Board of Public Utilities during the first quarter of each year which presents the results of sampling in years prior. Each report will discuss if the results allow for the recommendation that the plumbing is disconnected from the WWTP sanitary sewer piping.

On behalf of the MDEQ-RRD we hereby request permission to plumb the sump discharge piping into the sanitary sewer for two residential dwellings located at 107 and 108 Orchard Drive. If you have any questions, please contact me (231-941-8622) or Ray Spaulding (269-567-3532), Senior Environmental Quality Analyst for MDEQ-RRD.

Respectfully Submitted,

**GLOBAL REMEDIATION TECHNOLOGIES, INC.**



Richard Raetz, P.E.  
Senior Project Manager

Enclosures:



**Table 1**  
**Summary of CIS 1,2-DCE TCE Results - Sump and Storm Sewer Samples**  
 Belgravia

Sample ID	Plochocki Sump	Taylor Sump	SS-BELGRAVIA YARD	Sump 107 ORCHARD	Sump 108 ORCHARD	SS-ELKENBURG ST	SS-AYLWORTH CT	SS-PARKING LOT	Sump 108 ORCHARD	Sump 107 ORCHARD	Part 201 DWC	Part 201 GSIC	Part 201 GVIAIC
Sample Date	4/13/2005	4/21/2005	4/15/2009	4/15/2009	4/15/2009	4/16/2009	4/16/2009	4/16/2009	4/21/2015	4/21/2015			
Total VOCs	10	0	40	34	0	7	35	5	3	53			
cis-1,2-Dichloroethylene	9.6	<	40	34	<	7.4	35	5.2	2.6	5.9	70	620	93,000
Trichloroethylene	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	<	47	5	200	2,200

**NOTES:**

1. Presented in ug/L (ppb) against Part 201 residential criteria
2. < = Less than method detection limit
3. N/A = Not Available
4. NA = Not Applicable
5. ID = Inadequate data to develop criterion
6. NLV=Not Likely to Volatilize
7. Only compounds with detections are presented
9. X= The GSI criterion shown in the generic cleanup criteria tables is not protective for surface water that is used as a drinking water source
8. Criterion are based on the December 30, 2013 MDEQ revision.
9. SS = Storm Sewer

**BOLD**=Exceeds one or more Part 201 Cleanup Criteria

**Exceeds two or more Part 201 Cleanup Criteria**

**Exceeds three or more Part 201 Cleanup Criteria**

**DWC**=Drinking Water Criteria

**GSIC**=Groundwater-Surface Water Interface Criteria

**GVIAIC**=Groundwater Volatilization to Indoor Air Inhalation Criteria

**Table 2**  
**107 108 Orchard Drive**  
**Sump Discharge Chemical Concentration - Calculated Averages**

RE: Estimate mass loading to WWTP - May 21, 2015

Given the following Estimated Parameter's:

**Sump Flow Volume Est.**

Quarterly flow from 107 Orchard (gal)	5,400
Quarterly flow from 108 Orchard (gal)	20,250
Daily flow from WWTP (gal)	1,500,000

**Chemical Concentration in Sump Discharge**

DCE concentrations in 107 Orchard (ug/l)	5.9
TCE concentrations in 107 Orchard (ug/l)	47
DCE concentrations in 108 Orchard (ug/l)	2.6
TCE concentrations in 108 Orchard (ug/l)	0

**Averaging Calculations**

Quarterly flow divided by 91.5 (30.5 days time three months)

Daily flow from 107 Orchard (gal)	59
Daily flow from 108 Orchard (gal)	221

Combined influent concentration from 107 and 108 ((VOCs of 107 Orchard x Flow) + (VOCs of 108 Orchard x Flow))/Total Flow

Note assumes no degradation of VOC's on way to plant

Plant Influent DCE concentrations (ug/l)	3.29
Plant Influent TCE concentrations (ug/l)	11.95

Calculated effect of effluent VOCs assuming no degradation through WWTP\*

\* (Combined Influent Concentration from Sumps X sump flow divided by plant flow)

Plant effluent concentrations (assuming other water is non-detect and sump water is not degraded through plant)

Plant Effluent DCE concentrations (ug/l)	<b>0.000615623</b>
Plant Effluent TCE concentrations (ug/l)	<b>0.00223237</b>

## **Appendix A**

- **Dave Mulac May 21, 2015**
  - **Email Communication**
  - **Sump Discharge Estimates**

## Richard Raetz

---

**From:** Eric Benson <eric@grtusa.com>  
**Sent:** Thursday, May 21, 2015 11:23 AM  
**To:** Dmulac@south-haven.com  
**Cc:** Richard Raetz; 'Spaulding, Ray (DEQ)'  
**Subject:** Sump Plumbing to Sanitary  
**Attachments:** Sump-107 &108 Lab Results 1504159\_2 ENVReport 05 05 2015 1437.pdf; South Haven WWTP calculations.xlsx

Dave,

Thanks for your time this morning to discuss the request we are making. As we spoke earlier today the groundwater plume originating from the former Belgravia Site (Site) located at 125 Elkenburg Street, South Haven, Van Buren County, Michigan has impacted the sumps at 107 and 108 Orchard drive at low levels for Cis-1,2-Dichloroethylene (DCE) and Trichloroethylene (TCE). It has been confirmed that both of these sumps are currently going to the storm sewer and it is the intention of the State of Michigan to receive permission from your department to plumb these over to the sanitary sewer. Attached are the recent lab results (collected 4/21/15) for total VOC's from the sumps in the two residences with the following results:

107 Orchard  
DCE = 5.9 ug/l  
TCE = 47 ug/l

108 Orchard  
DCE = 2.6 ug/l  
TCE = non-detect < 1 ug/l

The following estimated flow rates were based on homeowners input and divided into quarterly (3 month inputs)

- I. Estimated Flow Rates
  - i. 107 Orchard Lisa K. Reports that sump comes on occasionally in Spring after snow melt and rains.
    1. Q1 Estimate
      - a. 8 x per month x 3 month x 15 gpm x 5 minutes = 1800 gal
    2. Q 2 Estimate
      - a. 24 x per month x 3 month x 15 gpm x 5 minutes = 5400 gal
    3. Q3 Estimate
      - a. 8 x per month x 3 month x 15 gpm x 5 minutes = 1800 gal
    4. Q 4 Estimate
      - a. 24 x per month x 3 month x 15 gpm x 5 minutes = 5400 gal
    - i. TOTAL YEARLY ESTIMATE 14,450
  - ii. 108 Orchard Norma C. Reports that sump comes on frequently in Spring after snow melt and rains.
    1. Q1 Estimate
      - a. 9 x per month x 3 month x 15 gpm x 5 minutes = 2,025 gal
    2. Q 2 Estimate
      - a. 90 x per month x 3 month x 15 gpm x 5 minutes = 20,250 gal
    3. Q3 Estimate
      - a. 9 x per month x 3 month x 15 gpm x 5 minutes = 2,025 gal
    4. Q 4 Estimate

- a.  $90 \times \text{per month} \times 3 \text{ month} \times 15 \text{ gpm} \times 5 \text{ minutes} = 20,250 \text{ gal}$
- ii. TOTAL YEARLY ESTIMATE 44,550

Attached with this data is an excel table that will calculate the mass loading that your system would be expected to see. Your consultant can make changes to the flow rate of the sumps, your system, and concentrations to see what effect this may have on your effluent levels. As a quick screen I assumed the Sumps highest flow with the current concentrations and assuming no degradation of VOC's to and through your plant (estimated at 1.5 million gallons per day). Bottom line is the max TCE effluent concentration would be approximately 0.002 ug/l (the drinking water level is 5 ug/l and the GSI is 200 ug/l). I do not know what your discharge limit is for TCE but I expect it is 5 ug/l or greater. Feel free to call me with any questions you or AI may have during this review.

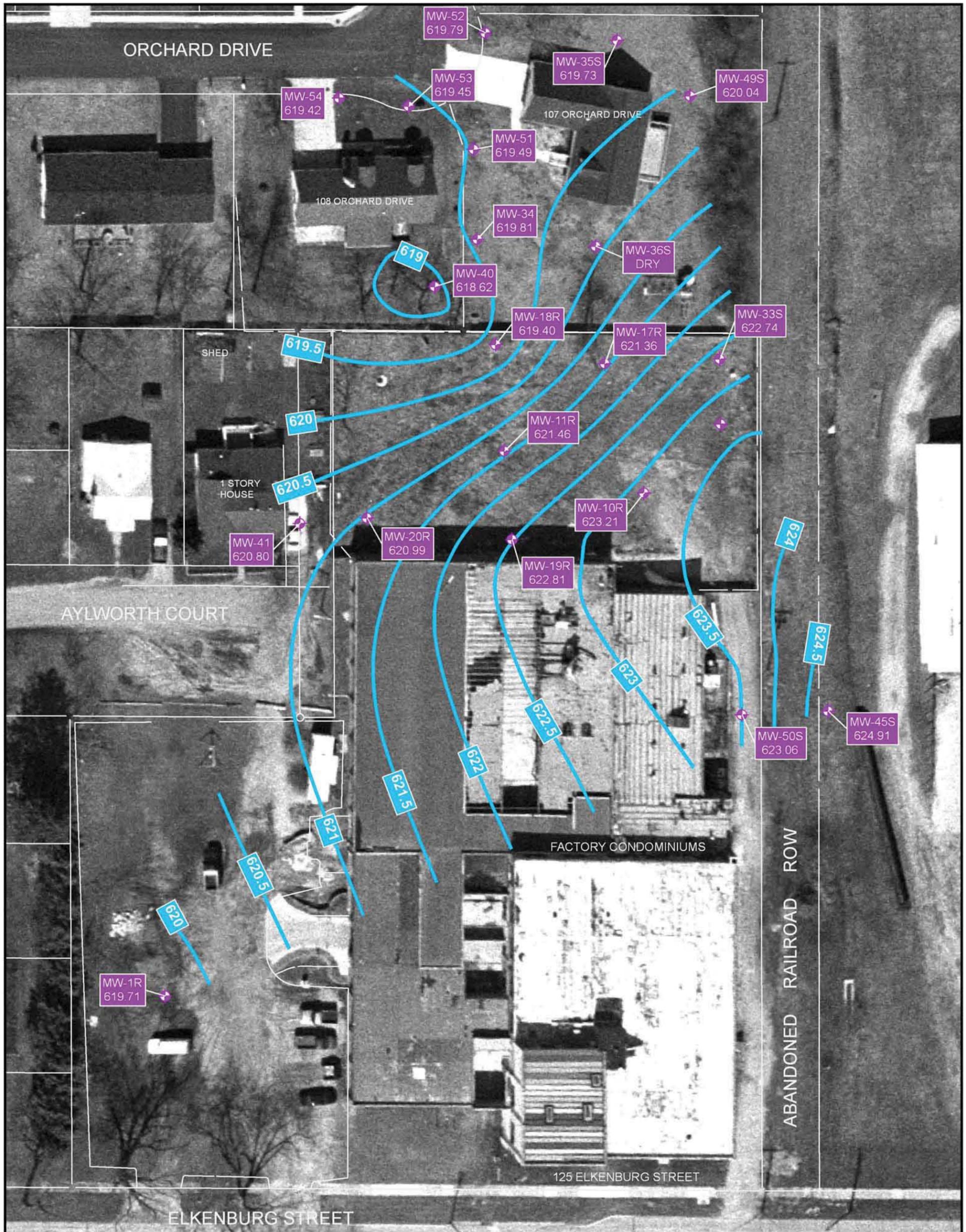
Again thanks for your time this morning and I hope this clears up some of your concerns.



**Eric Benson, Project Manager**  
*Global Remediation Technologies, Inc*  
*1102 Cass Street - Traverse City, MI 49684*  
*Ph: 231.941.8622 | C: 231.342.0360 | F:231.941.4131*

## **Appendix B**

- **Belgravia Site**
  - **Groundwater Flow**
  - **Chemical Contouring**



**FIGURE 2**

**POTENTIOMETRIC SURFACE IN THE UNCONFINED GROUNDWATER UNIT - NOV 2010**



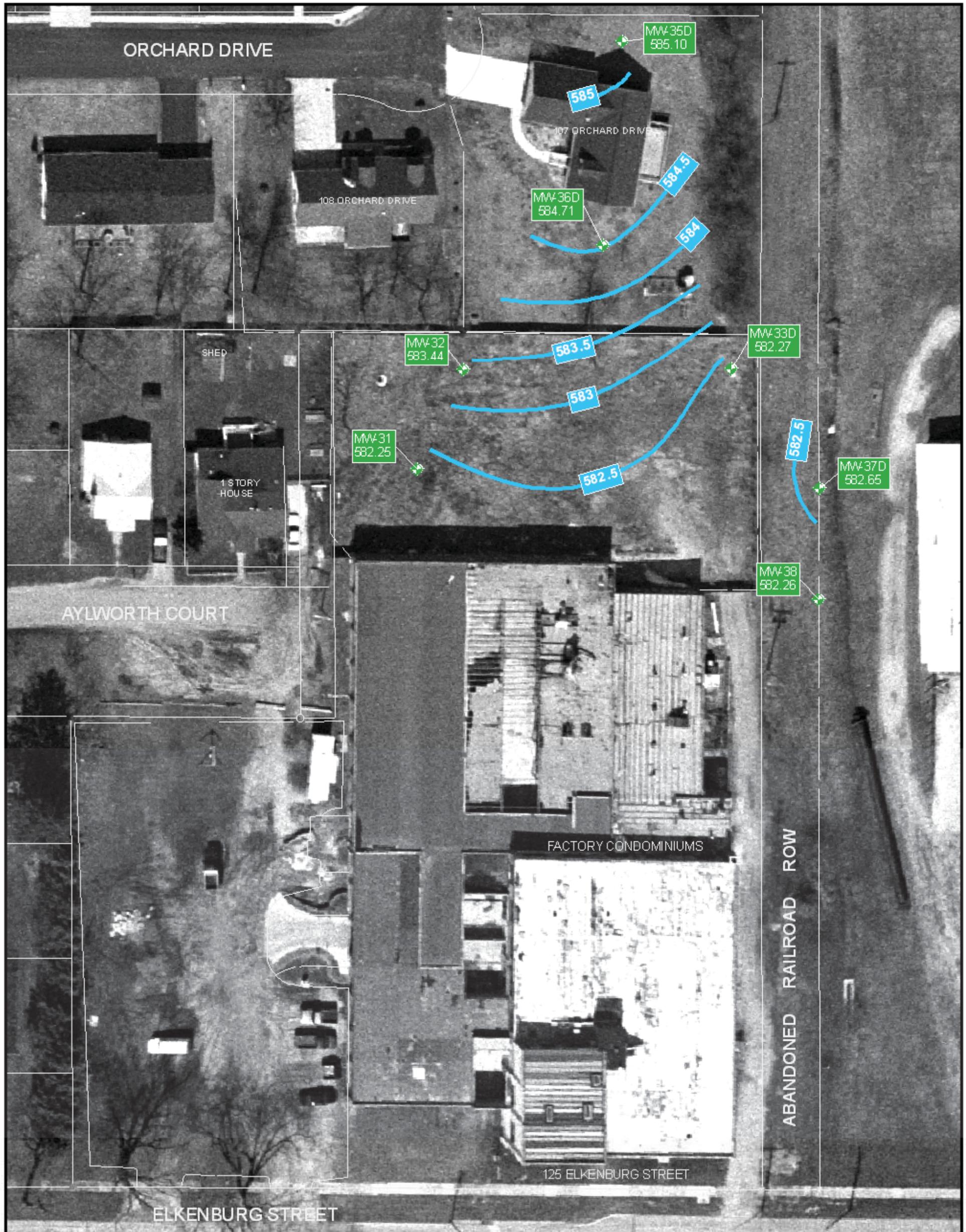
**Legend**

-  Monitoring Well
-  Potentiometric Surface (C.I. = 0.5 ft)

DRAFTED: 1/24/2011

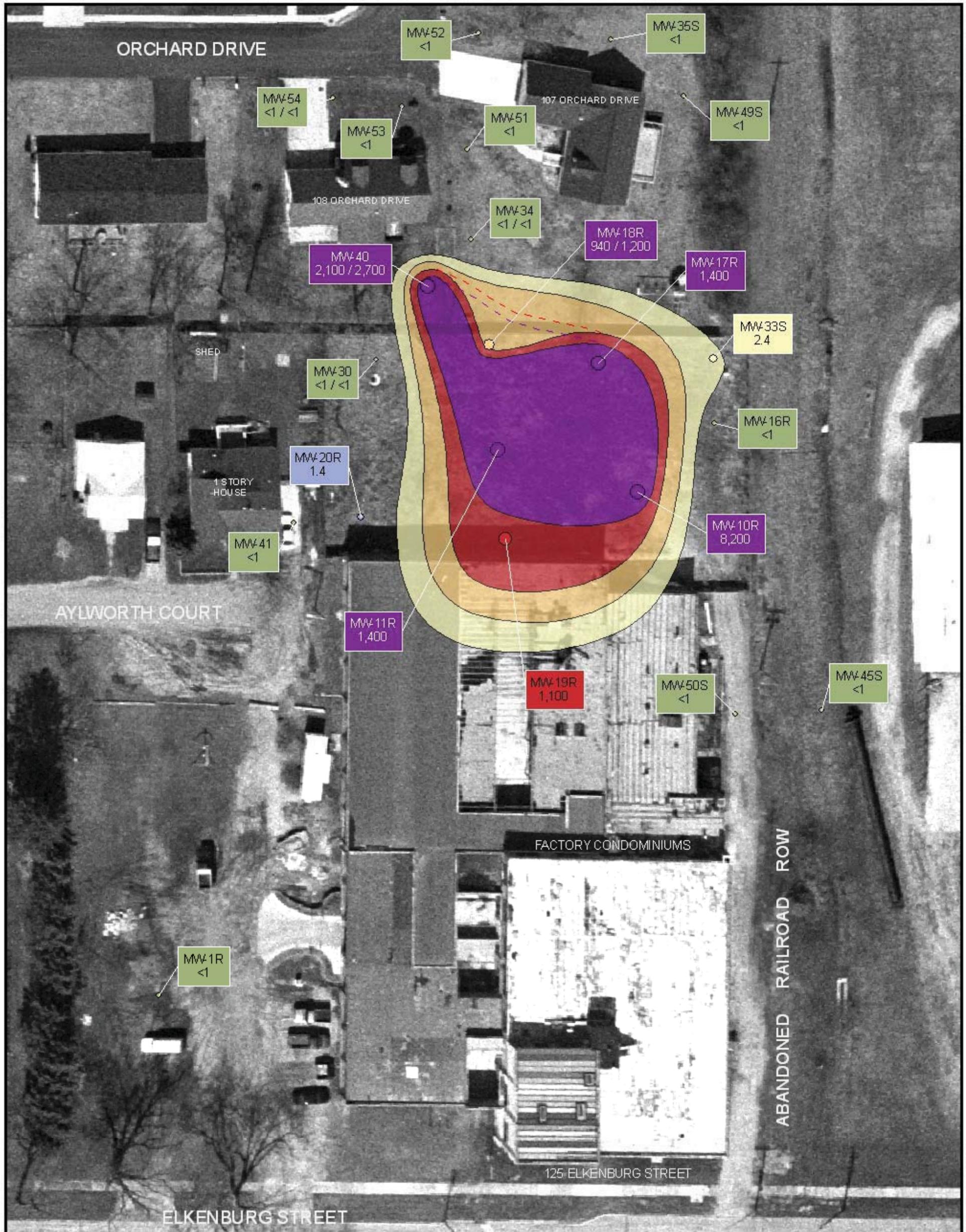
BY: C. BECKETT

SCALE: 1" = 40'



**FIGURE 3**  
**POTENTIOMETRIC SURFACE IN THE DEEP CONFINED GROUNDWATER UNIT - NOV 2010**

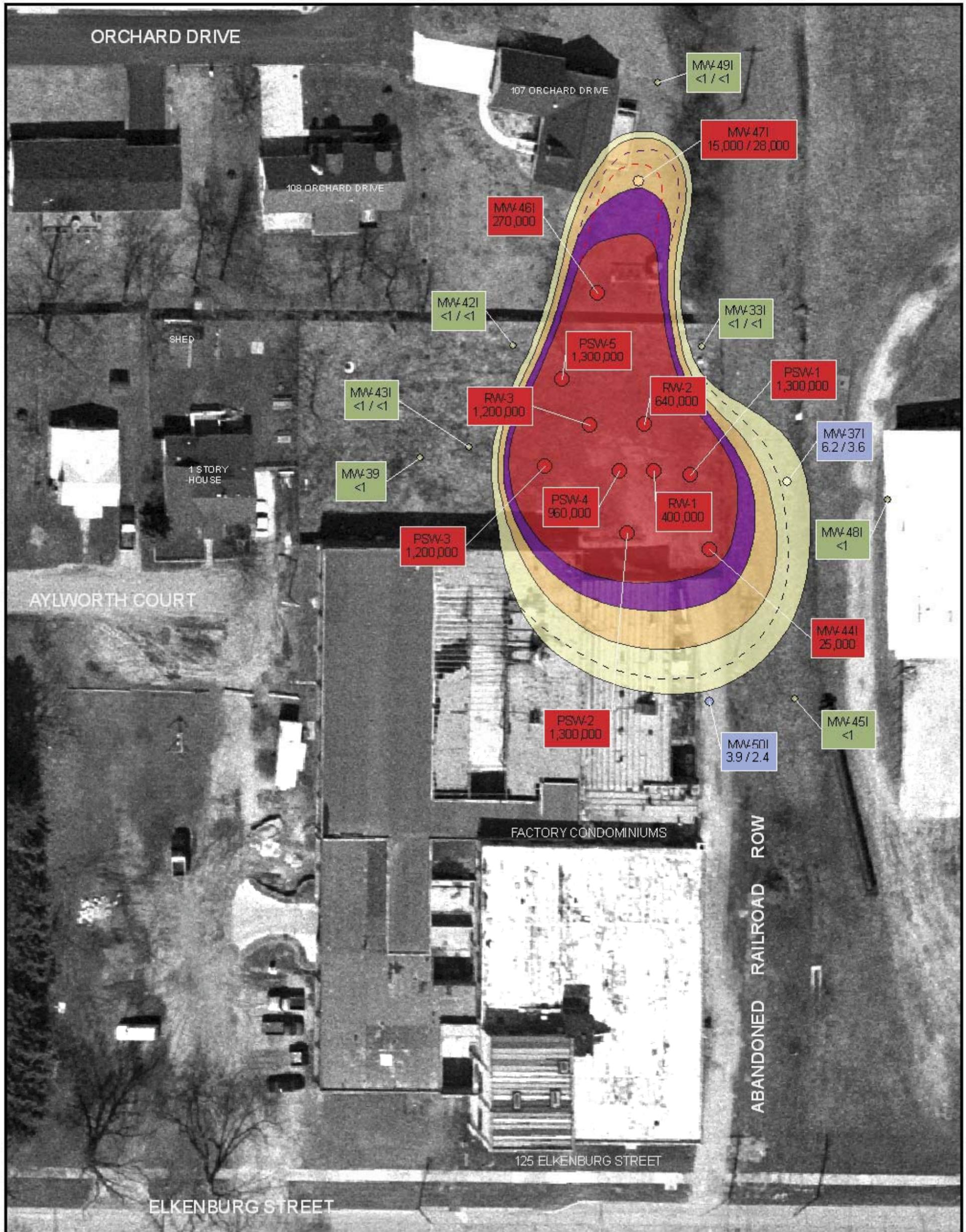
<p>0 10 20 40 Feet</p>	<p><b>GRTI</b> GLOBAL      REMEDIATION      TECHNOLOGIES      INC.</p>	<p><b>Legend</b></p> <ul style="list-style-type: none"> <li> Monitoring Well</li> <li> Potentiometric Surface (C.I. = 0.5 ft)</li> </ul>	<p>DRAFTED: 1/24/2011</p> <p>BY: C. BECKETT</p> <p>SCALE: 1" = 40'</p>
<p>File: P:\Current\DEQ0701\Eng\GIS\Maps\2010\GW_Contour_Deep_November2010</p>			



**FIGURE 6**

**DISTRIBUTION OF VC IN THE UNCONFINED GROUNDWATER UNIT - NOV 2010 / MAY 2012**

		<p><b>VC (ug/L) - Nov 2010 / May 2012</b></p> <ul style="list-style-type: none"> <li>● Non-detect</li> <li>● Less than Part 201 DW Criterion</li> <li>● Exceeds Part 201 DW Criterion</li> <li>● Exceeds Part 201 GSI Criterion</li> <li>● Exceeds Part 201 GWC Criterion</li> <li>● Exceeds Part 201 GVII Criterion</li> </ul>	<p>DRAFTED: 05/31/12</p> <p>BY: B. ROSS</p> <p>SCALE: 1" = 40'</p> <p>NOTE: SHALLOW GROUND WATER UNIT OCCURS FROM 2-7 FEET BELOW GROUND SURFACE</p>
<p>--- Plume boundary changes based on 2012 data</p>		<p>FILE: P:\Current\DEQ0701\Eng\GIS\Maps\2012\ Fig 6 VC_Shallow_May2012</p>	



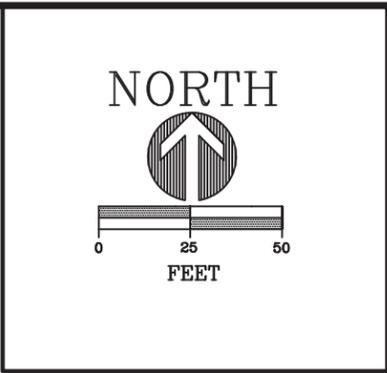
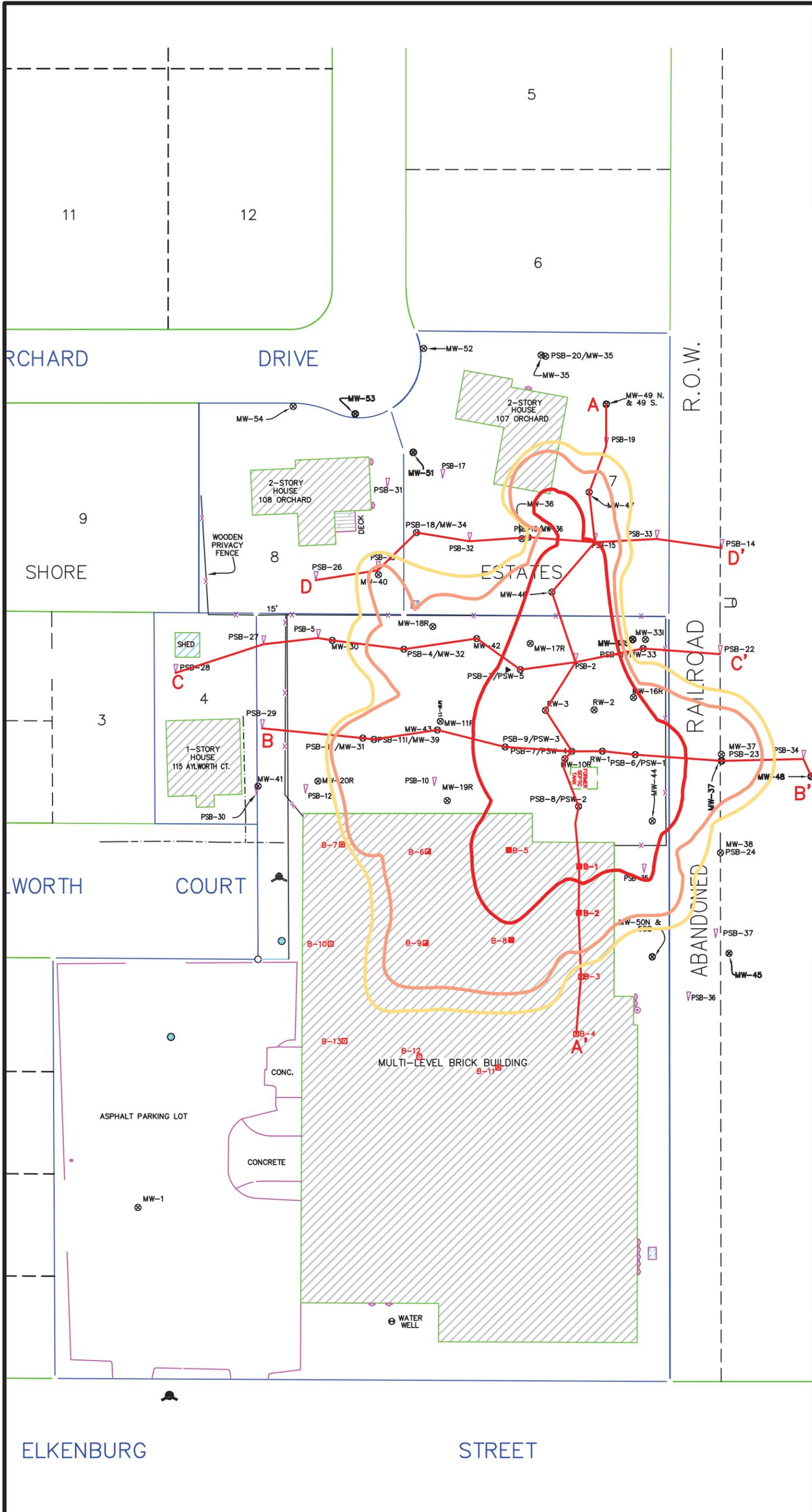
**FIGURE 7**

**DISTRIBUTION OF TCE IN THE INTERMEDIATE GROUNDWATER UNIT - NOV 2010 / MAY 2012**

		<p><b>TCE (ug/L) - Nov 2010 / May 2012</b></p> <ul style="list-style-type: none"> <li>● Non-detect</li> <li>● Less than Part 201 DW Criterion</li> <li>● Exceeds Part 201 DW Criterion</li> <li>● Exceeds Part 201 GSI Criterion</li> <li>● Exceeds Part 201 GVII Criterion</li> <li>● Exceeds Part 201 GWC Criterion</li> </ul>	<p>DRAFTED: 05/31/12</p> <p>BY: B. ROSS</p> <p>SCALE: 1" = 40'</p> <p>NOTE: INTERMEDIATE GROUND WATER UNIT OCCURS FROM 7-32 FEET BELOW GROUND SURFACE</p>
<p>--- Plume boundary changes based on 2012 data</p>		<p>FILE: P:\Current\DEQ0701\Eng\GIS\Maps\2012\Fig 7 TCE_Intermediate_May2012</p>	

## Appendix C

- **Belgravia Site**
  - **Treatment Zone Options**
  - **Cross-Section A-A'**
    - *Note: Basement Profile (Depth Estimated)*



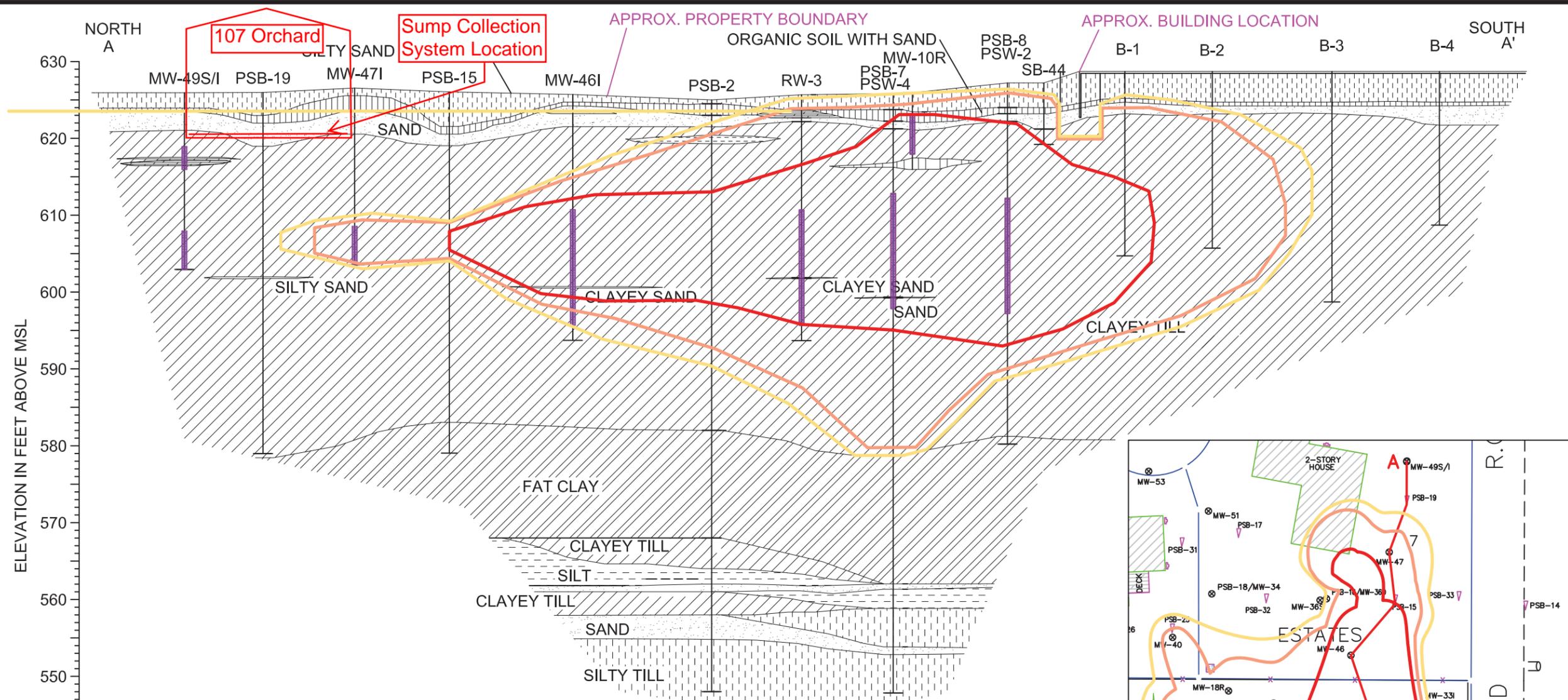
LEGEND

- Csat/DC TARGET ZONE
- SVII/GVII TARGET ZONE
- GSIP/GSI TARGET ZONE



BELGRAVIA SOURCE REDUCTION TARGET ZONES

FIGURE 9  
SPATIAL EXTENT OF TARGET ZONES



**GEOLOGIC CROSS SECTION**

- LEGEND
- Csat/DC TARGET ZONE
  - SVII/GVII TARGET ZONE
  - GSIP/GSI TARGET ZONE

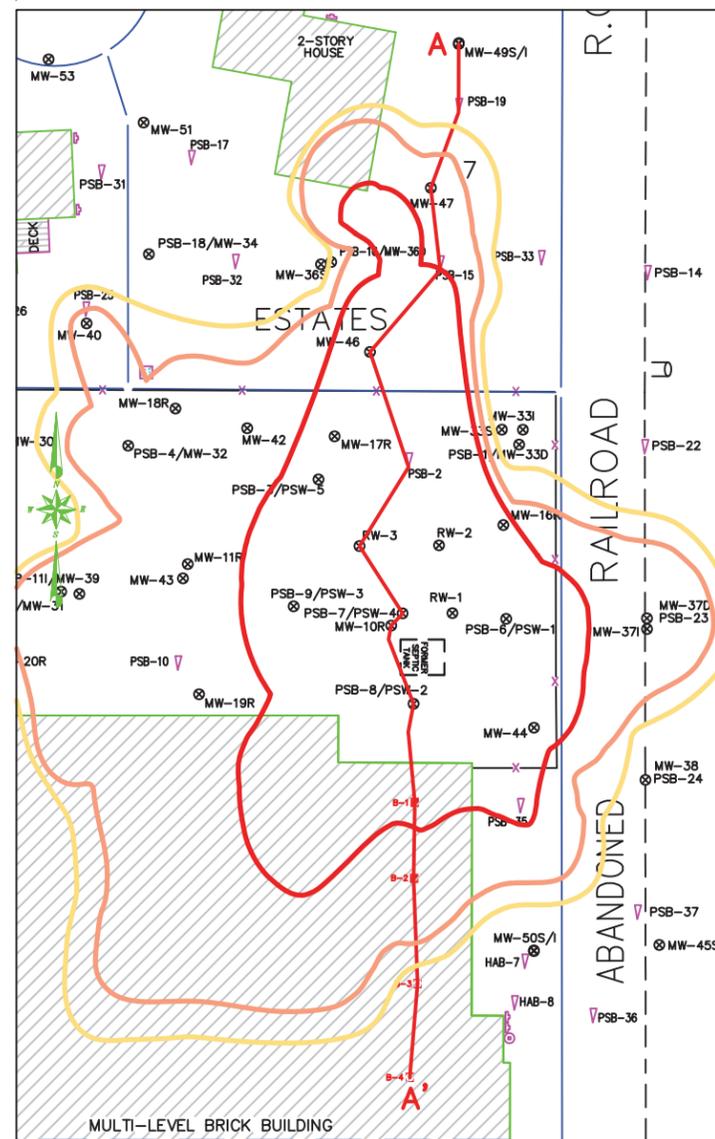


BELGRAVIA SOURCE REDUCTION TARGET ZONES

FIGURE 10  
CROSS SECTION A-A'

Horizontal Scale : 1"=30'  
Vertical Scale : 1"=15'

- |  |                        |  |             |  |             |
|--|------------------------|--|-------------|--|-------------|
|  | ORGANIC SOIL WITH SAND |  | FAT CLAY    |  | CLAYEY SAND |
|  | SILTY TILL             |  | CLAYEY TILL |  | WELL SCREEN |
|  | FINE - MEDIUM SAND     |  | SILT        |  |             |



## UTILITIES

### **Sec. 86-141. Supervision of connection of building sewer to public sewer.**

The applicant for the building sewer permit shall notify the city when the building sewer is ready for inspection and connection to the public sewer. The connection shall be made under the supervision of the city superintendent or his representative.

(Code 1965, Sec. 6.07(k))

### **Sec. 86-142. Guarding of excavations.**

All excavations for building sewer installation shall be adequately guarded with barricades and lights so as to protect the public from hazard. Streets, sidewalks, parkways, and other public property disturbed in the course of the work shall be restored in a manner satisfactory to the city.

(Code 1965, Sec. 6.07(l))

### **Secs. 86-143--86-155. Reserved.**

## DIVISION 4. SEWER USE

### **Sec. 86-156. Stormwater disposition.**

(a) No person shall discharge or cause to be discharged any stormwater, surface water, groundwater, roof runoff, subsurface drainage, uncontaminated cooling water, or unpolluted industrial process waters to any sanitary sewer.

(b) Stormwater and all other unpolluted drainage shall be discharged to such sewers as are specifically designated as combined sewers or storm sewers, or to a natural outlet approved by the appropriate state agency. Industrial cooling water or unpolluted process waters may be discharged upon approval of the appropriate state agency, to a storm sewer or natural outlet.

(Code 1965, Sec. 6.08)

### **Sec. 86-157. Interceptors.**

Grease, oil, and sand interceptors shall be provided when, in the opinion of the city, they are necessary for the proper handling of liquid wastes containing grease in excessive amounts, or any flammable wastes, sand, or other harmful ingredients; except that such interceptors shall not be required for private living quarters or dwelling units. All interceptors shall be of a type and capacity approved by the city and shall be located as to be readily and easily accessible for cleaning and inspection.

(Code 1965, Sec. 6.10)

### **Sec. 86-158. Sewage flow determination.**

To determine the sewage flow from any establishment, the board of public utilities may use one of the following methods: