

Board of Public Utilities

Regular Meeting Minutes

Monday, January 27, 2014
4:00 p.m., DPW Conference Room, 1199 8th Avenue



City of South Haven

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

2. Roll Call

Present: Burr, Henry, Stein, Winkel, Stickland

Absent: Overhiser, Rose

Also present: Wendy Hochstedler, Finance Director; Amanda Morgan, Accounts Receivable Supervisor.

Due to weather conditions, Roger Huff, Department of Public Works Director, was unable to attend, but was on speaker-phone during the meeting.

3. Approval of Agenda

Motion by Burr, second by Henry to approve the January 27, 2014 regular meeting agenda as presented.

All in favor. Motion carried.

4. Acceptance of Minutes for the Record – November 25, 2013

Motion by Winkel, second by Henry to approve the November 25, 2013 regular meeting minutes as written.

All in favor. Motion carried.

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

None at this time.

REPORTS

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

A. 2013 Billings – All Charges

B. 2012 Billings – All Charges

The board discussed the cost per kw hour for this year in comparison to last year. Burr noted that the actual growth was only one-tenth of a percent. Burr also pointed out the audit showed a positive gain per year as a 5-year average

7. Financial Reports

- A. Water Fund CuFt Comparisons
- B. Water Fund Financial Statement
- C. Sewer Fund Financial Statement
- D. Electric Fund KWH Comparisons
- E. Electric Fund Financial Statement

Stickland wondered why the November/December water revenues were as high as they are. Huff noted that Miller did report a jump in what they are seeing in the system at the water plant. Miller has crews looking to see if there is anything abnormal but have not found anything so far.

Burr noted the grant expense and asked what SSES is to which Hochstedler responded that it is the second phase of the project. Stickland asked if Kalamazoo Street is done. Huff said the final course of paving has not been laid yet.

Electric Fund. Energy Optimization Fund. Burr noted that he doubts that this project will continue beyond the original five (5) years.

8. Indian Grove Infrastructure Project

- A. No Report

9. Unresolved Issues Report

Huff updated this report based on discussion at the last meeting, leaving two items related to tampering fee policy.

Stickland asked whether there are up-to-date charges available for the installation of security lighting to which Huff responded, "Yes, as of last meeting."

10. Electric Outage Report, 4th Quarter 2013

Huff pointed out that this is the format we have worked on throughout the year to allow the board to see what you want to see. Burr commented on trees causing the largest number of outages to date.

Burr noted the project for the spring will be the secondary rebuild in the area of Aylworth north to Phoenix and Monroe east to Blue Star Highway and asked whether GRP Engineering has it ready to be bid. Huff said bids will be received February 21, 2014, with completion of Phase 1 June 30, 2014.

11. GRP Engineering – 2013-14 Projects

Huff referred to GRP Engineering's report and noted that GRP will be reporting monthly on progress.

#102 PR-C Circuit (Overhead 2nd Avenue) – has been awarded to SKF Electrical Contracting. Construction is scheduled to start the week of January 27, 2014 with a completion date of June 13th, 2014.

#103 PR-D Circuit (Underground Veteran's Drive) – this project will go out for bid March 1, 2014 with conduit construction to start April 15, 2014 with a completion date of May 30, 2014. Construction start for Cable is scheduled for August 15, 2014 with Circuit Energization to take place September 15, 2014.

#101 Phoenix Road Substation Transformer #2 – goes out for bid March 1, 2014 with construction start scheduled for May 1, 2014; transformer delivery June 10, 2014.

Core City Secondary Upgrades - will go out for bid on February 21, 2014 with Phase I Construction to begin April 15, 2014 with a completion date of June 30, 2014.

NEW BUSINESS

12. Board will be requested to approve a Customer Service Policy for Shut Off for Nonpayment for Services.

Stickland introduced Amanda Morgan, Accounts Receivable Supervisor to present a revised policy to get people to pay their bills on time. Staff is hoping to get a policy approved so it can go City Council. Due to lack of winter shutoff mandated by the state, utility bills are often not paid until spring when sizeable delinquent amounts occur.

Amanda Morgan said the new policy encompasses our current best practices, the utility policy and state law. The proposed policy provides clear guidelines and expectations for both staff and customers. Highlights include:

- 1.) State law says we cannot cut off customer's service from November 1 to April 15.
- 2.) Policy specifies guidelines for when and how shut off notices may be sent. After delinquent for seven (7) days, customers will get a notice and have seven (7) days to pay. Notice will go to both occupant and owner if they are different.

Stein asked whether the Finance Department has that information. Morgan noted that staff is working on software that will help identify which properties have different owners and residents.

Stein asked about customers who say they did not get the shut off notice. Morgan noted that we already get those. We address those by asking for address confirmation and asking whether they get their bills. Hochstedler noted the customers receive the bills but not the shut off notices. Discussion ensued regarding whether bills are sent in-house. Morgan said the computer generates the bills and the shut off notices; they are stuffed in-house and mailed. The Customer Service Department keeps copies of all notices.

- 3.) State law requires an appeal process. This is for administrative errors, meter errors, receipting errors, any problems with billing of the usage or account. The appeal goes

before the finance director who has the final word and they will be cut off. Morgan does not anticipate it getting that far.

4.) Unlike previous practice, customers now have to pay all delinquent balances. Customers may apply for two (2) fourteen (14) day extensions of their shutoff notice per year, but not on the same shut off.

Discussion ensued regarding the number of customers who receive shut offs to which Morgan responded that about four hundred (400) shut off notices per month are generated. Currently there are six hundred seven (607) people who are in line to get cut off notices today. Henry asked where the majority of shut offs are geographically to which Morgan responded that most are located in Section 8 housing and mobile home parks.

Stickland pointed out that South Haven is a low income community. Morgan agreed, noting that while working with the city attorneys on this policy, the attorneys was very shocked at the number of shut offs sent out. Stickland referred to a study done which indicated that Van Buren is the lowest income county in the state.

Burr noted that the number of shut offs is only five (5) percent of eight-thousand two-hundred (8200) customers. There was discussion of whether this is typical and Burr said it is not out of line.

Burr explained that since the state requires utilities to do a moratorium on shut offs, people know about it and the city will have a crisis in April when shut off notices are sent out.

During discussion of the extension Morgan said the new arrangements must be done in writing by the customer and there is a limit of two extensions allowed per year.

Burr said the thing that is different is that the large utility companies allow customers to make payment agreements but we do not do that. It takes much more clerical work. Burr also pointed out that we can put the delinquent bill on the property taxes. There was discussion of how that works with apartment complexes.

Stickland pointed out that Section 8 is straight forward based on State law.

Morgan noted that if a customer has been shut off, they will not be restored until the balance is paid in full including the restoration fees. Previously the city only required customers to pay the shut-off balance; now they will have to pay the total delinquent balance plus fees.

Morgan also pointed out that ~~noted that~~ up to 3:30 p.m. the restoration fee is thirty (30) dollars while after 3:30 p.m. the restoration fee is one hundred (100) dollars.

Stickland would like to send this policy to City Council next week and anticipates that there will be discussion of the collection of personal information, specifically Social Security numbers. Morgan said we have policies in place that explain how we protect personal information.

Motion by Henry, second by Winkel to recommend that the customer service policy for shut offs be forwarded to City Council ~~by Winkel~~.

All in favor. Motion carried.

3. Board will be requested to approve a recommendation to City Council to enter into the Michigan Municipal Electric Association ("MMEA") Mutual Aid Agreement.

Huff noted that this agreement just makes official what the city has done in the past regarding providing assistance to other utilities/municipalities in case of emergencies and disasters. Huff explained there is a loosely organized group that meets bi-monthly who just wanted to have an agreement in place. The Michigan Municipal Electric Association (MMEA) helped craft this agreement and will also help coordinate information and communication.

This agreement specifies standards and requirements of contact information procedures; insurance and liability requirements; requesting assistance; response; training; equipment; invoicing and payment for services; lodging, meals and transportation; damage to equipment and the role of MMEA. The City invoices the other municipality for our time at one and one-half (1.5) times the standard rate which will pay for the overhead and equipment. The City's agreements with our workers stay in place while we are providing aid. The agreement is set up for thirty (30) years unless terminated by mutual agreement and there is a procedure for that.

Burr asked if this agreement caused an increase in the city's insurance coverage to which Huff responded that he has asked that question but has not gotten the answer yet. Winkel asked what liability the city has and Huff responded that it is coverage for our workers.

Stein asked what the procedure would be if we are called upon to assist but have an emergency here to which Huff responded that the city sent one two-man crew to Hastings during a recent emergency; the utility does not jeopardize our own system. Stein noted that if something comes up it is possible that the city would have to call their crew back. Stickland said the advantage of agreement is it state-wide whereas nearby municipalities may be experiencing the same weather emergency as the city so more likely would be able to send crews to a different part of the state when we are not experiencing the same difficulty. Stein, Henry and Winkel verbally expressed that they feel this is a good idea. Henry asked how often this type of thing happens. Stickland said one or two times; it is very infrequent. Burr noted that contractor crews do this more often than the city does.

Motion by Henry to approve a recommendation to City Council to enter into the Michigan Municipal Electrical Association (MMEA) Mutual Aid Agreement. Second by Burr.

All in favor. Motion carried.

4. Next meeting is scheduled for Monday, February 24, 2014 at 4:00 pm in the DPW Conference Room, 1199 8th Avenue, South Haven, Michigan.

Due to previous commitments by some members, there was discussion of cancelling the regular February meeting and scheduling a special meeting on Friday, February 21, 2014 at 4:00 p.m. Stickland will confirm schedule with Huff who will notify members.

5. Director's Comments

Huff: Apologized for not being available to attend the meeting in person due to the weather.

6. Board Member Comments

Stein: No comment.

Henry: Noted that the street light is out at the corner of Indiana and Michigan.

Winkel: Commended the plow crews.

Burr: River Ridge Assisted Living staff asked whether they were on any kind of priority list, noting that they were concerned about Kentucky Avenue's condition for getting ambulances in and out. Stickland suggested a periodic review of the current priority list.

7. Adjourn

Motion by Henry, second by Winkel to adjourn at 5:03 p.m.

All in favor. Motion carried.

RESPECTFULLY SUBMITTED,

Marsha Ransom
Recording Secretary