

Board of Public Utilities

Regular Meeting Minutes

Monday, January 28, 2013
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: Berry, Burr, Henry, Overhiser, Rose, Stein, Winkel, Stickland
Absent: None

3. Approval of Agenda

Motion by Burr, second by Berry to approve the January 28, 2013 regular meeting agenda as presented.

All in favor. Motion carried.

4. Acceptance of Minutes for the Record – November 26, 2012

Motion by Henry, second by Burr to accept the November 26, 2012 regular meeting minutes as written.

Berry requested information on whether the power lines near the helipad mentioned in item 15 of the Nov. 26, 2012 minutes is being pursued. There was discussion on who would pay for burying the line. Burr said the line was renewed not that long ago. Stickland noted the hospital would need to request of the city that the lines be buried.

Stickland called the question.

All in favor. Motion carried.

Stickland questioned whether Hochstedler had followed up on Item 7 of last month's minutes. Hochstedler noted that regarding the question on the sewer fund, grant revenue has been pulled out of the "other revenue" portion of the report. The financials show the breakdown on working capital.

The Ramada Inn is shown in receivables then recorded as cash when paid. Hochstedler explained that the receipt of that payment would not show as a big jump in revenue.

Hochstedler noted that the water rate increase went into effect in July; there was not enough revenue being charged for the debt service, so the operating reserves were being used to pay the debt. Hochstedler pointed out that there was a 30% low on the debt amount. The Water Fund received reimbursement for work on the water plant, which helped the cash reserves.

Rose arrived at 4:09 p.m.

Burr questioned the rate being raised; Hochstedler noted that we were not covering debt service; only collecting 70%.

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. 2012 Billings – All Charges (includes cost per kWh)
- B. 2011 Billings – All Charges (includes cost per kWh)

Huff noted this is Conklin's standard report. Burr noted that our cost dropped 7% but he does not know why. Hochstedler noted that was at the time of true-up. Stickland pointed out that demand charges stayed the same. Berry noted that the cost per kw hour went up. With the net cost moving from 6.2 to 5.9, which includes demand, Burr noted that there does not need to be a rate increase. The board discussed the commodity cost.

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

Hochstedler explained the new report; noting the board could tell where we are at because the debt is broken out on a separate line. Hochstedler noted we reduced transfers out by the amount she would have shown in the old fund and stated that special assessments and construction have already been collected and we are already halfway thru the fiscal year.

Hochstedler noted that she will check into the Kalamazoo Street assessments and report back to the board. Hochstedler explained the Water Fund – Fund 591 report included as page eleven (11) of the agenda packet.

The board discussed whether sewer rates had been raised and since they were not, why. Hochstedler pointed out the retained earnings.

8. Indian Grove Infrastructure Project

- A. Sewer Study Progress Report

Huff explained that the Infrastructure project has been continuing to do testing and Huff believes the contractors are on schedule.

9. Unresolved Issues Report

Huff gave an overview of unresolved issues, noting those completed and those pending.

10. Electric Outage Report, 4th Quarter 2012

Huff gave an overview of outages caused by the wind storm of 12/21. Burr said we were geographically identifying where the outages are located. Burr noted that secondary lines have not been being trimmed. Burr said we need to concentrate on the area with the 9 on the map and figure out what we are going to do to get that area down to zero outages. Burr questioned whether we need to do any rebuilding of lines in the high outage areas. Board discussed whether there is a correlation between failed devices and tree trimming. Stickland pointed out that in the high outage area we are seeing a lot of back lot trees, which is hard to trim and access.

NEW BUSINESS

11. Board will be presented information concerning the winter storm of December 21, 2012.

Huff gave an overview on the data compiled regarding the winter storm. Huff commended City staff and crews for the response to a very extreme situation.

12. Board will be presented information on increased tree trimming efforts.

Huff noted that starting in December, before the big storm, a budget and plan for routine maintenance was put into place. This is a more aggressive plan and gets to the secondary lines; Priebe (City Arborist) has crews here every week and able to respond to service work more efficiently. This allows the tree crews to react quicker and keep them here all week every week through the remainder of the fiscal year.

Aaron Priebe, Arborist, gave an overview of how he created the additional budget and plan for aggressive back lot line trimming. Priebe explained the summary of how much more work could be done with the addition of budget funds. Priebe noted that he has started marking trees in problem areas since a meeting two (2) weeks ago. Priebe has already arranged to have more crew here in the city consistently. The board wondered who prepares the property owners that trees will be trimmed or removed; Priebe does the Public Relations, knocking on doors and getting permissions. The board discussed the policy of replacing a tree that is taken down with a new tree. Stickland questioned Priebe about how he will be using the extra budget money.

Burr noted that we need to take down trees that have been hit by lightning, before they die and fall down. Burr suggested that work be concentrated where we have the most problem. Someone from engineering needs to identify where we need to replace wires.

Motion by Henry, second by Berry to increase the tree trimming budget by \$65,000, allocating \$50,000 to routine maintenance and \$15,000 to time and material work. All in favor. Motion carried.

13. Next meeting is scheduled for Monday, February 25, 2013 at 4:00 pm in the DPW Conference Room, 1199 8th Avenue, South Haven, Michigan.

14. Director's Comments

None at this time.

15. Board Member Comments

Winkel suggested using the term "shape" instead of "trim."

16. Adjourn

Motion by Henry, second by Winkel to adjourn at 5:44 p.m.

All in favor. Motion carried.

RESPECTFULLY SUBMITTED,

Marsha Ransom
Recording Secretary