

# Board of Public Utilities

## Special Meeting Minutes

Friday, February 21, 2014  
4:00 p.m., DPW Conference Room, 1199 8<sup>th</sup> Avenue



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

### 2. Roll Call

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

Also present:

- Paul VandenBosch, Projects Manager;
- Wendy Hochstedler, Finance Department;
- Larry Halberstadt, City Engineer;
- Daniel A. Combos, PE, Senior Project Engineer, Abonmarche, Inc.
- Christopher J. Cook, PE, President/CEO, Abonmarche, Inc.

### 3. Approval of Agenda

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

All in favor. Motion carried.

### 4. Acceptance of Minutes for the Record – January 27, 2014

Motion by Burr, second by Winkel to accept the January 27, 2014 regular meeting minutes for the record with corrections.

All in favor. Motion carried.

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

None at this time.

## REPORTS

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

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

Discussion ensued regarding the cost of energy jumping, which, according to American Electric Power (AEP), was due to consolidation with another subsidiary.

## **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 noted that, regarding the Rolling Twelve (12) Month Reports, the percentage might be off in January since the bills have been estimated due to the weather. The percentage is lower than in 2012 and 2013. Same with the Rolling Water, last year and 2012 were higher. Again, once reading meters resumes, these will probably true up.

Stickland, Stein and Huff discussed the water main breaks and whether the amount of water going through the treatment plant being higher than ever before is based on some kind of break. Huff reported that nothing has been discovered up to this point.

## **8. Indian Grove Infrastructure Project**

Daniel A. Dombos, PE, Senior Project Engineer updated the board on the project's progress.

There was discussion of the 76<sup>th</sup> Street lift station, which is located in South Haven Township and up to this point Abonmarche has not looked at anything outside the city limits. Halberstadt explained that outflow is getting pumped to the Peterson drain interceptor, there is a large head on those pumps and a lot of small force main. Halberstadt said that lift station is a continual maintenance problem for city staff.

Christopher J. Cook, President/CEO, Abonmarche, Inc. said this project was focused on in-city improvements. Ross Stein informed that it is his understanding that nothing can be done at 76<sup>th</sup> until Indian Grove is fixed. Halberstadt pointed out that the city will have to be in conversation with the (South Haven) township on funding.

Phase 1B, which includes Center Street Sewer separation (issues at Center and Lyon Streets as well as Center & South Haven Streets). The Peterson Ravine Sewer saw the chief amount of the inflow coming. Some rehabilitation can be done on manhole structures and a cleanout cap could be handled fairly easily. Once those are complete the capacity should improve at the Main Pump Station.

Discussion ensued about these projects include a new pump station on the plant property. It was noted that there will a large, deep wet well; Burr asked about the location of the well and whether this wet well is shown on the Black River Park Master Plan. Halberstadt informed that the pipe (for the wet well) will have to go through Black River Park. Huff noted that the preliminary plan has taken into account that there will need to be cooperation

between the two projects. Dombos stated the final design has not been drawn and Halberstadt noted that there will be a lateral provided for the proposed new fish cleaning station.

Cook explained that the latest on the SAW (Stormwater, Asset Management and Wastewater) Grant is that there is not much new; there were far more requests than there was money. Reassured that South Haven's application was received and has been reviewed and has no issues. "Now it is a matter of the lottery, which is supposed to happen soon, and then we should have some idea whether we are going to be successful in Round One (1). March and May are when those awards will be announced. If we are not successful in Phase 1, we feel we will be in a future phase."

Phase III focuses on Inflow and Infiltration Removal. These are cost effective in comparison to other projects. Without addressing inflow, the existing Peterson Drain is incapable of handling the flows.

A potential schedule was presented on the last page of the handout provided by Cook stated that they had anticipated that we would know earlier about the SAW grant awards. One of the assumptions in this schedule is that we get a SAW grant for the 1<sup>st</sup> project. It was noted that the SAW grant is for engineering while the S2 focuses on low interest loans for construction.

There was discussion about the board attempting to coordinate those projects with the bridge project so as not to inconvenience everyone twice. However, the bridge is being rebid so no time frame is available yet. Halberstadt needed to work through the financing with Brian and Wendy if the city does not get a SAW grant.

Overhiser asked about timing between SAW grant awarding and construction, which Burr noted 3 yrs.

Discussion regarding schedule noted that there are no real surprises and plans include dove-tailing with other projects.

Discussion regarding Engineering costs and maximizing the use of the SAW grant program funding.

Discussion ensued regarding payback on the State Revolving Fund (SRF) loans; rate impact; and public hearing.

## **9. Unresolved Issues Report**

Huff reviewed the updates on the unresolved issues. City Council's Priority #4, adopted this past Monday night requires that all utility policies be reviewed. Halberstadt noted he understands it as a clean-up of the language. Burr explained that much of the issue is related to the billing side, such as procedures being used that have not been written, with an emphasis on billing policy.

## **10. GRP Engineering – 2013-14 Projects**

Huff noted that GRP Engineering updated their report": 2<sup>nd</sup> Avenue project has started; the Veteran's and transformer projects are all proceeding. Bid opening was today so that information will be here for the March meeting.

## NEW BUSINESS

### **11. Board will be requested to approve a...Wi-Fi project.**

Paul VandenBosch noted this is mainly a financial request but he can answer questions about the project. VandenBosch outlined the request as a combination of the marinas Wi-Fi system, which has been in place for several years but wanted to improve signal strength at the far ends, and a downtown Wi-Fi project. The conduit for fiber needed to be run; Secant recommended the city combine the two projects so only one management system would be required. This will allow people to identify SSIDs (Service Set Identifiers) on their phones, one for marina boaters (free service with some bandwidth limitations), city employees, and city guests. Most will be password protected; there will be only one (1) that is not password protected. The purpose for the Wi-Fi project is marketing; trying to encourage people to visit. This system will be up year round. The two (2) projects developed separately and then were merged so we have a cost for each of them. The request is for funding. Normally the marinas would pay for this themselves but the new marina building and dredging has made the fund balance rather low. VandenBosch said it is his understanding that the two projects will be two separate systems, and those two entities would pay back any funding provided by the Board.

Stickland said this request is asking us to be their bank. Stickland does not like robbing the utility, but this is a loan, with money coming back to us from the Marina Fund and the Downtown Development Authority (DDA). "The other thing is, that like VandenBosch said, "apparently by the control of bandwidth, you could also make it available as a utility. There might be a business opportunity here that could be an Enterprise Fund that would fall in the realm of this board. Need to talk to Secant or someone to develop a revenue and cost stream, down the road. The focus today is whether we will approve loaning this project. Stickland said he feels the interest of one percent (1%) is a token that indicates intent to repay."

Motion by Winkel to recommend to city council to approve a resolution to advance Electric Utility funds of \$271,000 at an interest rate of one percent (1%) to be paid back over a five year period beginning next year. Second by Burr.

All in favor. Motion carried.

### **12. Board will be requested to approve award of three Phoenix Road Substation equipment bids.**

Huff noted these are equipment bids lumped together for the upcoming Phoenix Road Substation work. These are for circuit breakers, circuit switcher and regulators. A discussion ensued regarding the difference between switches and switchers.

Motion by Burr to recommend to City Council to award Phoenix Road Substation Equipment Bids as follows:

- A. Four (4) 12 kV circuit breakers to ABB in the amount of \$75,060.
- B. One (1) 69kV transformer circuit switcher to Siemens Energy in the amount of \$34,785.
- C. Six (6) regulators and base stands to GE in the amount of \$89,166.

Second by Winkel.

All in favor. Motion carried.

**13. Next meeting is scheduled for Monday, March 31, 2014 at 4:00 pm in the DPW Conference Room, 1199 8<sup>th</sup> Avenue, South Haven, Michigan.**

**14. Director's Comments**

Huff updated the board regarding frozen water lines; the city of Kalamazoo is making news because of frozen water lines. Huff stated that the city of South Haven has had forty-five (45) incidents; they have all been taken care of. All have been on the city's side of the service line/meter. Halberstadt noted that the problem is within the city due to shallow water mains.

Burr said he does not think a full-scale press release should be issued; just authorize staff to issue a credit based on usage. Stickland stated that staff should tell the customer to run their water and the utility billing department will issue the customer a credit based on half of the water consumption of the ~~previous~~ *current* year. Stickland suggested doing this on a case-by-case basis ~~as a staff procedure~~ *at the discretion of water staff*. Hochstedler said we could address this in our review of the policy. Halberstadt suggested if someone's water freezes because it is in a crawl space or other unprotected area, the customer should be advised that the new meter must be re-installed in a more protected place.

**15. Board Member Comments**

**None**

**16. Adjourn**

Motion by Winkel, second by Burr to adjourn at 5:17 p.m.

All in favor. Motion Carried.

RESPECTFULLY SUBMITTED,

Marsha Ransom  
Recording Secretary