

Board of Public Utilities

Regular Meeting Minutes

Monday, September 24, 2012
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, Stein, Winkel, Stickland
Absent: Henry

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 – July 30, 2012

Motion by Burr, second by Winkel to approve the July 30, 2012 Board of Public Utilities regular meeting minutes as written.

The board discussed the five-year plan and whether design is being done to accommodate anticipated development.

All in favor. Motion carried.

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

There were none.

REPORTS

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

- A. 2012 Billings – All Charges
- B. 2011 Billings – All Charges

Stickland requested a different layout for the cost of power spreadsheets.

7. Financial Reports

A. August

1. Water Fund CuFt Comparisons
2. Water Fund Financial Statement
3. Sewer Fund Financial Statement
4. Electric Fund KWH Comparisons
5. Electric Fund Financial Statement

Hochstedler gave an overview of the financial reports for August. Stickland again requested the spreadsheet in a different format. The Board heard flushing is up due to the high temperatures; the chlorine dissipates so flushing is done more often.

Hochstedler compared last year and this year, noting that a new assessment was added; Park Avenue improvements. Hochstedler noted that last year at the end of June we estimated depreciation would have increased by \$575,000.

The board discussed the sale of the Ramada Inn and the payment of arrears due to a closing. Burr explained details of the settlement.

The board discussed the sewer fund and the water fund; Hochstedler said she is determining what amounts are due to personnel changes and why there was an increase.

Hochstedler referenced the rolling averages for the Electric Fund. Burr noted that September is usually the biggest month. The board discussed the huge demand in June, July and August this year due to high temperatures. Burr advised waiting to see the September numbers. Hochstedler will check with billing to determine whether there were any issues relating to the Electric Rolling Averages.

Burr questioned the Capital Outlay which was all billed to last year; there is no capital outlay charged to 2012.

B. Year-End (June UNAUDITED)

1. Water Fund Financial Statement
2. Sewer Fund Financial Statement
3. Electric Fund Financial Statement

Hochstedler noted that the June figures have no improvements; pointed out changes in the operating expenses and administrative expenses from one year to the other. Hochstedler will do an analysis to determine reasons why, such as what expenses are personnel and what are not. Hochstedler explained the Capital Outlay line item; the year-to-date month actual is the Kal-Haven and Dunkley projects, due to change-orders. The figure on the Transfers Out line represents the St. Joseph assessments. The debt for the Water Plant is included. St. Joe Special Assessments are about the same; transfers out increased due to the Water Plant debt. Hochstedler noted that there will be adjustments that will eliminate the shortfall.

Hochstedler suggested doing a 5-year analysis and with the net cash, too. The water and sewer funds will also need a 5-year analysis. Stickland predicted getting out of the red once that is done. Hochstedler questioned Administrative Expenses, noting that part

of it is to Abonmarche for a study, and we have not yet gotten a reimbursement. Not all capital outlay has been identified.

June Electric did have an analysis; the main substation and Phoenix Road regulator had transformers purchased so just the transformers and GRP Engineering have their portion in that figure. Hochstedler said under Contracting there was Advanced Underground and Kent Power which were part of other projects so that we have \$145,000 will be capitalized and \$88,000 too will be capitalized and moved from Operating Expenses and moved to the balance sheet. Personnel costs that show up in Other Operating has about a 6% increase so Hochstedler wants to find out what caused that. Hochstedler stressed that the whole increase is in personnel. Property and Fleet insurance went up by almost \$30,000. MNRMA costs were about \$36,000.

After an announcement by Hochstedler, the board also discussed the anticipated new financial software that will be installed next week and should go live by Thanksgiving.

8. Indian Grove Infrastructure Project

- A. Sewer Study Progress Report
- B. Metering Plan
- C. PowerPoint Presentation (June 25, 2012 BPU Meeting)

Huff noted that these three reports are all included for completeness. Regarding scheduling, the modeling will be done close to the end of the year, which is when preliminary planning will be done.

Burr asked what Fishbeck is doing, having observed them opening manholes; Huff said it is probably the region-wide e-coli sampling.

Stickland predicted that the highest level of infiltration will be at #2; that is where it was before. Huff noted that he will have Abonmarche back for another presentation in November. The board discussed lift station data, plant flow data and their rain gauge at the Waste Water Treatment plant.

9. Unresolved Issues Report

Huff updated two of the unresolved issues; tampering policies have been received from a number of utilities. Huff expects to get some information from the Billing Department.

Information regarding the American Electric Power (AEP) outage contacts; new contact information has been received and distributed. Stickland requested a check every six months or so for current information.

The board discussed the brief power outage that occurred Saturday morning which took down the power for a large portion of the city.

Burr asked questions about the transformer replacement for Clementine's and wondered if the transformer was overheated or if the circuit was overloaded.

NEW BUSINESS

10. Board will be presented information on tree trimming by City Arborist Aaron Priebe.

Priebe gave an overview of the information; budgets, where tree work money is spent, the last three (3) years of information he invoices from. The first two (2) pages are strictly utilities work. Routine maintenance is time and material removal. Priebe noted that although his primary tree priority is utility he included charts to show how often he gets pulled off that to do other things, City requests. 90% to 107% should be utility work.

Burr says trees have gone from 20% to 25% of outages caused by trees. Priebe gets quarterly reports from Ryan Bosscher; when we have an outage Priebe looks the area over and sometimes he clears it right away if he can get all the permissions from homeowners. Priebe surveys the street trees and determines which ones can not be saved and must be replaced. Usually about forty (40) to seventy (70) trees all together are replaced or dead wooded. Stump grinding is even included in the budget.

Winkel asked what trees are planted. Priebe noted that where there are overhead lines he puts in an ornamental and when there are not overhead lines, he puts in a shade tree. Burr asked whether there is any way to tell how many trees we replaced. Burr said our tree ordinance calls for 2" trees; how are you planting 1"; Priebe explained to the board that younger trees respond better to transplanting but noted that perhaps that number should be changed. Priebe said he did not realize it called for 2" trees; last year's tree ordinance update was focused on the tree species list.

Burr asked if Priebe visits each circuit every year. Priebe said not at present but once he gets through the industrial park project and Phoenix West he will be visiting each circuit every year. The board discussed that the money is being spent but the tree-caused outages are increasing. Burr suggested plotting out the outages by circuit so the board can see if the outages are localized. Burr questioned what circuit the township is on; Stickland said they are spread throughout the circuits, but the majority are on two circuits. Burr would like to see specific circuits and what streets they are on to see if a trend can be identified.

Priebe pointed out that there is a lot of public relations involved when working with people to help them understand the reason for taking out the trees that keep growing into the overhead lines. Priebe explained the maps that he uses to lay out the work and then to update it to show the work completed.

Stickland explained the concern of the board that money is being spent but the outages are increasing and not decreasing. Priebe would like to see whether it is true what he believes that there are certain areas that are problem areas and also that he is trying to get through and get everything done but no matter what, he has a certain amount of money to stretch through the rest of the year.

The board discussed some options in working to get the utilities work done without breaking Priebe's budget.

The quarterly outage report will be next month and Huff will tie the report Burr requested to the outage report.

11. Next meeting is scheduled for Monday, October 29, 2012 at 4:00 pm in the DPW Conference Room, 1199 8th Avenue, South Haven, Michigan.

12. Director's Comments

There were none.

13. Board Member Comments

Stein: Could we speed up the message board on the water filtration plant?

The board discussed the difficulty boats going up the channel and cars driving through the parking lot have because the message board stays so long on each part of the message.

Berry: We endorsed the fiber optic and now they are done installing it, so what comes next? Burr responded that we were pulled off the grant and we are asking to put something on the two water towers, and sell service. There is supposed to be some sort of rate plan in May.

Winkel: Enjoying the meetings.

Burr asked why we employ Priebe when we could hire a couple of local contractors to do the City work. After discussion Stickland pointed out that the City could use a different contractor for the non-utility work, allowing Priebe to concentrate on the work he is contracted to do.

Stickland; Does not think the report on outages will show what you want it to.

14. Adjourn

Motion by Winkel, second by Berry to adjourn at 6:00 p.m.

All in favor. Motion carried.

RESPECTFULLY SUBMITTED,

Marsha Ransom
Recording Secretary