

Board of Public Utilities

Regular Meeting Minutes

Monday, October 28, 2013
8:00 a.m., DPW Conference Room, 1199 8th Avenue



City of South Haven

1. Call to Order at 8:00 a.m.

2. Roll Call

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

Also present: Brian Dissette, City Manager; Wendy Hochstedler, Finance Director; Larry Halberstadt, City Engineer; Dave Mulac, Wastewater Supervisor; Abonmarche staff: Christopher J. Cook, PE, President/CEO; Daniel A. Dombos, PE, Senior Project Engineer and Tony McGhee, Business Development Director

2a. Appointment of Temporary Chair.

Motion by Henry, second by Winkel to appoint Burr as temporary chair due to absence of Chair Stickland.

All in favor. Motion carried.

3. Approval of Agenda

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

All in favor. Motion carried.

4. Acceptance of Minutes for the Record - September 30, 2013 - October 16, 2013 Special Meeting

Motion by Henry, second by Winkel to accept the regular meeting minutes of September 30, 2013 and the special meeting minutes of October 16, 2013 for the record.

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

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

Burr reviewed the Water Fund and Sewer Fund financials.

Burr noted the consumption, cost and usage of electric and differences between last year and this year; pointed out that last year there was a heavy air conditioning load which we did not have this year. The Energy Optimization charge was questioned by Burr and explained by Hochstedler as an accounting error caught by the auditors.

Burr questioned the administrative cost which Hochstedler stated was due to the way personnel costs are charged and recorded now.

Burr noted that there should be five and a half million dollars (\$5.5M) in cash reserves of which two million dollars (\$2M) are set aside for capital projects planned for this year.

8. Indian Grove Infrastructure Project

- A. Sewer Study Progress Report

Huff informed the board that this item will be incorporated into the discussion of Item #12.

9. Unresolved Issues Report

Huff pointed out that the area on Dyckman from Park Avenue to the bridge have been video tested and shows a number of spots that need some work. In the spring the worst of the problems, such as a collapsed manhole and one other spot, were repaired. Halberstadt noted that the sewer line that goes up Dyckman predates the Waste Water Treatment Plant.

Burr noted a section of that pipe which used to allow water infiltration was replaced near All Seasons. Abonmarche has observed a backwater condition there. Mulac pointed out that during heavy rains there was some back up, and agreed that the section of line that was replaced has improved that area. There are several other places along that line which need repair.

Stein asked whether the charging station at Meijer's could be removed from the unresolved issues report since Meijer's has said they will not be installing a charger for electric cars. Huff noted that Stickland wants Huff to write a letter directly to Meijer, even though Halberstadt had spoken with the engineers who said they would not be installing the car charging station.

10. Electric Outage Report, 3rd Quarter 2013

Burr mentioned that the tree contact item is up due to the area which we are going to focus on this year. The past three years we were at 25% of tree contact and this year it is up to 38%. Burr stated we had a bump this year due to a system wide outage. Burr noted that we should see a dramatic drop on the tree contact once the tree trimming is addressed in that area.

NEW BUSINESS

11. Board will be requested to approve award of Bid Number 2013-11, #102 PR-C Circuit / 2nd Avenue Rebuild.

After a brief discussion of the differences in the bids, Burr called for a motion.

Motion by Henry, second by Winkel to approve a recommendation to City Council to award Contractual services for Electric Distribution System Improvement Project #102 Bid Number 2013011, 2nd Avenue Rebuild, by SKF Electrical Contracting of Williamsburg, Michigan in the amount of \$59,839.60. Labor and materials to be provided are defined in the contract documents prepared by GRP Engineering.

All in favor. Motion carried.

12a. Presentation by Abonmarche, Inc. regarding SAW grant

Huff noted that this item has been added to the agenda due to another grant opportunity. A recommendation from this board to city council is needed giving authority to the city manager to apply for the grant.

Christopher J. Cook, PE, President/CEO, Abonmarche. Gave an overview of the Stormwater, Asset Management, and Wastewater (SAW) grant program; the State came out with a program that will fund sanitary sewers, asset management and wastewater treatment. The grant will cover ninety percent (90%) on the first million dollars, seventy-five percent (75%) on the second million, and one hundred percent (100%) for disadvantaged communities. Additionally, up to five hundred thousand dollars (\$500,000) in grant funds will be available toward design engineering at either ninety thousand dollars (\$90,000) or one hundred thousand dollars (\$100,000) depending on whether the city gets the disadvantaged designation. There is also half a million dollars (\$500,000) toward construction, again tied to the disadvantaged status. Abonmarche has been working on getting this ready for public notice toward the end of November at which time some of the sewer study data, which would be included in the grant app.

Referencing the map in the Power Point presentation, on which SAW and SRF areas are indicated by various colors. Due to upcoming work on the Dyckman Bridge, and to structural defects in the pipes in the Dyckman area adjacent to the bridge this area becomes a priority for the first phase of the projects. North Shore Drive along the lake shore and the Black River Street problem which has been there for quite some time and the main lift station on the north end of town would also be in Phase One of the project combined with the Wells station and the Indian Grove project, which has been improved but there is still work that needs to be done there. Abonmarche is looking at making that fix at Indian Grove to put that

area behind us. Additional metering enabled Abonmarche to remove the ravine area, which was sourced as the main infiltration problem, from the list, while that same metering revealed that we have seven (7) manholes that have tops that need to be brought up out of the flood area; they were causing the infiltration we were metering.

Cook referenced loose catch basins in Center Street area which can be addressed during the construction portion while the asset management portion can finish up any related work of the sewer system. Finally, all of the mapping data can be input to the Geographic Information Systems (GIS) and gives us an opportunity to get the storm sewer system mapped and into the GIS program as you have with the water. Video exam of storm sewer lines plus a little metering for finding trouble spots would also be a part of that project.

Cook enumerated the various grants or loans that the City could apply for, noting that is the sum of Phase 1.

Phase 2, Cook noted, could include identified structural issues in the Kalamazoo area to be undertaken at a later date.

Cook then explained that the SAW program has \$450M in it, the first round award of ninety-seven million dollars (\$97M) will be decided by lottery on Dec. 2 or Day One. If South Haven is not awarded in Round One we could hope that it would qualify for Round 2.

Henry questioned whether this project is for the fiscal year to which Cook responded, "No, over several years." Responding to Henry's question regarding whether this is federal pass-through money, Cook stated that it is state money. Dissette noted that the time frame is unstated; typically there will be up to three (3) years typically to start construction after the design work is done. Dissette has been pushing for North Shore Drive to be in Phase One since it has not had any attention since 2006, when the city did Baseline Road. Dissette's hope would be to immediately target Dyckman to coordinate with the bridge work, which is tentatively scheduled for fall 2014, noting that he could not pick a better time to address that issue, effectively not inconveniencing residents and visitors two separate times.

Abonmarche noted that any costs incurred after January 2013 are eligible; in other words, the city can get the design done now and get reimbursed for it as part of the grant, either December or at some later date. Asset management can use city staff for the match part of the grant; data collection and GIS work could count toward the match as "in kind service." Dissette said anything Ryan, GIS tech and Larry & Steve are doing is attributable to this.

Dissette said the state has heavily marketed this program so it is almost "shame on you" if you don't apply.

Winkel asked about the time frame the lotteries will last to which Cook responded that after Dec. 2, the city is in line; you do not have to resubmit. The merits of your work don't matter; you have to have a technical threshold. Cook noted that the Department of Environmental Quality representative has already been actively calling the city, asking if we are submitting a SAW grant.

Stein asked if there is a timeline for completion to which Dissette responded, "We don't know at this time. We have been focusing on Indian Grove for years." By getting this

application in, the city could have the next project in the queue when the Indian Grove Project is completed. Henry said it is all upside.

Dissette said he anticipates that once you have the funds, engineering would need to begin, which could take two (2) to 3 years to complete engineering and then start construction. Dissette said the state has been very helpful with the SRF and anticipates they will be flexible with the SAW.

Burr asked the extent of the project, would it be done just like Kalamazoo, to which Cook responded, "Yes."

General discussion ensued about what might be done in various areas, including grinder pumps and lift stations. Burr explained the importance of determining where the lift station would be located in relation to the Black River Park Master Plan. Halberstadt agreed you need to get that route defined. Tony McGhee will get the information to the Black River Park Master Plan designer.

Burr questioned whether Kalamazoo Street, shown in red on the map, will undergo any changes in procedure. Cook responded that nothing will change at all. Halberstadt noted that to install the force main the project needs to go all the way to Lovejoy Street.

Burr asked if it is good news that the ravine is not the source of the infiltration problem to which McGhee said, "It is about five million dollars (\$5M) worth of good news."

Discussion ensued regarding what will need to be financed down the road. Abonmarche said our study will have to define that. Henry wondered whether special assessments will be done. Dissette feels that since we are working on Kalamazoo he would like to jump over to another section of the city, specifically North Shore Drive, rather than jumping right into another low-income neighborhood.

Motion by Henry, second by Winkel to recommend that City Council authorize the City Manager to apply for the Stormwater, Asset Management, and Wastewater (SAW) grant.

All in favor. Motion carried.

12b. Next meeting is scheduled for Monday November 25, 2013 at 4:00 p.m. in the DPW Conference Room, 1199 8th Avenue, South Haven, Michigan.

13. Director's Comments

None at this time.

14. Board Member Comments

There were none.

15. Adjourn

Motion by Winkel, second by Henry to adjourn at 9:08 a.m.

All in favor. Motion carried.

RESPECTFULLY SUBMITTED,

Marsha Ransom
Recording Secretary