

# Board of Public Utilities

## Regular Meeting Minutes

Monday, November 25, 2013

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



City of South Haven

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

### 2. Roll Call

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

Winkel arrived late due to road conditions and was excused.

Also present: Wendy Hochstedler, Finance Director; Bill Conklin, Engineer; Larry Halberstadt, City Engineer; Robert Shelley, P. E., Electrical Engineer, GRP Engineering, Inc.

### 3. Approval of Agenda

Motion by Winkel, second by Burr to approve the November 25, 2013 Regular Meeting Agenda as presented.

All in favor. Motion carried.

### 4. Acceptance of Minutes for the Record - October 28, 2013

Motion by Burr, second by Winkel to accept the October 28, 2013 Special Meeting Minutes as written.

All in favor. Motion carried.

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

Rahul Patel, Baymont Inn, expressed dissatisfaction with the response time and determination of the City's insurance carrier in regards to his claim against the City due to the power outage in August. Patel thinks the City's insurance should cover this bill, or the City should cover it as a courtesy, since he is up-to-date on paying his utilities and taxes, etc. Responding to questions, Patel noted that on August 8 a ground fault caused the elevator to stop working. Patel was charged \$1800.00 for re-activation of the elevator.

Stickland explained that utilities do not guarantee continuous of service; things happen, systems break down. We cannot cover a claim like that because too many things can happen to cause failure of the system. Stickland clarified that this was not negligence by the City which would be what the City's liability insurance would cover.

Burr noted that he does not know of any utility he has ever worked for that would honor that claim.

Rahul said he is very disappointed with all this, at least if we had gotten the answer in good time, without back and forth from city.

Huff noted that he contacted our insurance carrier due to the slow response time; informed the board that response time is not usually delayed like this, and was told by the City's insurance company's representative that the claim "fell through the cracks." Huff apologized for the long delay.

Stickland also apologized for the slow response time.

Rahul stated that he has \$2500 deductible so he cannot get help from his insurance carrier.

Stickland expressed that he knows this is not the answer Patel was seeking but that historically, utilities cannot guarantee continuous of service.

## 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
- F. JUNE 2013 Water Fund Financial Statement
- G. JUNE 2013 Sewer Fund Financial Statement
- H. JUNE 2013 Electric Fund Financial Statement

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

- A. Sewer Study Progress Report

Huff updated the board that Abonmarche is finishing things up on schedule and the board will see it before it is submitted to anyone. Huff noted the plan is submitted to the Department of Environmental Quality (DEQ) for funding. The board discussed repairs and replacement of seals in man hole covers as well as rebuilding chimneys.

### **9. Unresolved Issues Report**

Huff reviewed the action taken by the board to increase the cost of street lights. Huff located the file Stickland referred to at the last meeting and tried to estimate actual cost for unmetered street lights. Huff concluded that the utility is not losing any money.

Huff reminded that in February 2012 there was an item included in an Abonmarche contract that was already approved but there were questions regarding the language. Huff noted that our construction contracts do not include limiting our liability to the amount of the contractor's insurance. It is standard practice that the City has a contract with a contractor, not with the subs; the contractor is liable for the work done by the subcontractors.

Huff sent a letter to Meijer, as requested, asking that Meijer's consider installing an electric vehicle charging station.

Burr noted that there is a charging station at the Consumers Conference Center.

### NEW BUSINESS

#### **10. Board will continue discussion concerning the 10% penalty rate for late utility payments and be requested to make a recommendation.**

Huff noted there is no staff report but he has provided comparisons of late fees from a number of municipalities. Stickland explained the difference in late fees based on which services the municipality provides. Burr said he thinks they are trying to follow the Public Service Commission recommendations. Burr prefers charging 2%. Stickland said if we change to 2% it would be charged every month to which Finance Director Hochstedler agreed. Hochstedler requested that the board please do not split the fees along utility lines, as some municipalities do.

Motion by Burr to revise the utility policy to change the late payment penalty rate to two percent (2%) per month to be compounded monthly on all utilities with no waivers. Second by Winkel.

All in favor. Motion carried.

### NEW BUSINESS

#### **11. Board will be requested to approve award of the Phoenix Road Transformer Procurement Bid.**

Shelley noted that the various transformers are all roughly the same on load and the impedances are within industry standard.

Huff noted the Delta Star comes in \$60,000 cheaper than ABB/Kuhlman and \$22,000 cheaper than SPX/Waukesha. Halberstadt noted that if we pay on their payment schedule, we would pay more money up front and more often, and Delta Star will give us a two percent (2%) break on the total cost. Shelley said the City should consider this payment plan. Shelley confirmed that the terms result in two percent (2%) off the final invoice.

Huff asked if Shelley has experience with Delta Star to which Shelley said, "Yes, I have had experience with Delta Star using both financing options." Shelley recounted a recent

transformer purchase in Traverse City, noting that even though Delta Star had all of the city's money, they still sent out a crew out to do repairs when there was a problem.

Stickland asked for confirmation of his understanding that payments were thirty percent (30%); twenty-five percent (25%); twenty-five percent (25%) and the final twenty percent (20%) due on shipment.

Motion by Burr to purchase from Delta Star the 12-16-20MVA transformer as recommended by our electric consultant, who will negotiate a payment plan to include splitting the final twenty percent (20%) payment and to include one bushing each for the primary and secondary. Second by Winkel.

All in favor. Motion carried.

**12. Board will be requested to approve a consulting contract with GRP Engineering, Inc. for Phoenix Road Substation Transformer #2 design and construction observation services.**

Discussion ensued regarding what the consulting contract includes.

Motion by Burr to approve recommendation to City Council to enter into consulting contracts with GRP Engineering, Inc. for a lump sum fee of \$89,000, and the Construction Administration & Start-up services for an hourly fee not-to-exceed \$37,000 including expenses and all subcontracted services. Second by Winkel.

All in favor. Motion carried.

**13. Board will be requested to establish a schedule for Regular Meeting Dates for the 2014 Calendar Year.**

Motion by Winkel, second by Burr to approve the suggested schedule for Regular Meetings Dates for the 2014 Calendar Year, changing the March 24 meeting to March 31 as noted below:

January 27, 2014  
February 24, 2014  
March 31, 2014  
April 28, 2014  
May 19, 2014 (Moved forward one week due to Memorial Day on May 26)  
June 30, 2014  
July 28, 2014  
August 25, 2014  
September 29, 2014  
October 27, 2014  
November 24, 2014

All meetings will begin at 4:00 pm. Meetings will be held in the Department of Public Works Conference Room.

All in favor. Motion carried.

**14. Next meeting is scheduled for Monday January 27, 2014 at 4:00 p.m. in the DPW Conference Room, 1199 8<sup>th</sup> Avenue, South Haven, Michigan.**

**15. Director's Comments**

Huff distributed copies of APPA report on average revenue per kilowatt hours for Michigan. If board is interested he will send spreadsheets for all states.

**16. Board Member Comments**

Winkel: apologized for being late.

**17. Adjourn**

Motion by Winkel, second by Burr to adjourn at 5:47 p.m.

All in favor. Motion carried.

RESPECTFULLY SUBMITTED,

Marsha Ransom  
Recording Secretary