

# Board of Public Utilities

## Regular Meeting Minutes

Monday, January 25, 2016  
4:00 p.m., DPW Conference Room  
1199 8<sup>th</sup> Avenue



City of South Haven

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

### 2. Roll Call

Present: Burr, Henry, Overhiser, Roberts, Stein, Winkel, Stickland

Absent: Rose

### 3. Approval of Agenda

Motion by Henry, second by Roberts to approve the January 25, 2016 Regular Meeting

Agenda as presented.

All in favor. Motion carried.

### 4. Approval of Minutes for the Record

A. November 30, 2015 Regular Meeting Minutes

B. December 21, 2015 Special Meeting Minutes

Motion by Henry, second by Burr to approve the November 30, 2015 Regular Meeting Minutes and the December 21, 2015 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

None at this time.

## REPORTS

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

A. 2015 Billings – All Charges

B. 2014 Billings – All Charges

Burr noted the price increase was 3.24% from the last year which was covered by the last rate increase. Consumption went down by 1%.

## 7. Financial Reports

- A. Electric Fund Project Status
- B. Electric Fund – Financial Statement
- C. Electric Fund – Cashflow Statement
- D. Electric Fund – Review of Percentage Billed

Hochstedler referred to the electric fund projects, noting that she does not have a figure for the Core City Secondary. Halberstadt needs to get that figure to her.

Burr asked if we could start with Depreciation for the calendar year. Discussion ensued regarding whether our depreciation equaled our capital investment.

Halberstadt explained how he puts projects into the budget. Hochstedler explained budget setting and the 5-year plan, suggesting certain projects could be identified with their estimated cost and the remaining amount put up to depreciation as unidentified. Stickland said at budget time we can look at what we have gotten done and put what we have not done into the next year's budget. Burr would like to know if we are facing a year with a loss.

Halberstadt said he thinks there are two more years with projects in the 5-year plan. Discussion ensued regarding upcoming projects. Halberstadt will get the information to Hochstedler for future planning. Burr requested a reality check so the board knows where we are.

Halberstadt updated the board on Phases 3 and 4, noting that engineering is currently being done.

Henry asked who does the 5-year planning to which Halberstadt responded that it is contracted out with staff input. Discussion ensued regarding whether the city will be using GRP for future projects. In response to a question by Henry, Halberstadt said he hasn't had any real problem with them, but they are a small firm and sometimes it takes them a while to get a project ready to go out for bid. Discussion ensued regarding the level of detail being lacking in Phases 1 & 2. There were some adjustments that had to be made, according to Halberstadt. There were overages because tree-trimming and other things were not included in the project. Discussion ensued regarding whether it is necessary to prod GRP; about Kent Power being the low bidder recently and that there are a limited number of contractors who can work high voltage.

In the course of discussion regarding starting the next phase after Labor Day, Halberstadt noted that now will be a good time to go out for bid. Roberts asked whether any projects that might be in the 5-year plan would be available.

Burr questioned how we made money on electric sales when we didn't sell more kwh and rates weren't increased. Roberts suggested it might be PJM charges and Halberstadt said he will find out. Halberstadt noted PJM charges in January. Burr stated at that time we should do a 100% pass-through on transmission charges.

Discussion ensued regarding the retirement fund and the change in the accounting rule. We used to be funded to one hundred seven (107) percent; then it came down to ninety-seven (97) percent, but now there is a new rule and the assumption that it will not increase in twenty (20) years.

Henry explained that nothing has really changed but net value will look lower and it is because of that accounting rule adding that this is because the economy is tanking. Roberts added that it is a paper value.

- E. Water Fund – Financial Statement
- F. Water Fund – Cashflow Statement
- G. Water Fund – Review of Percentage Billed
- H. Sewer Fund – Financial Statement
- I. Sewer Fund – Cashflow Statement

Burr commented on the final amount at the end of the year, capital outlay and no projects pending. Kalamazoo Street and the ravines are where that is going. Discussion ensued regarding the Monroe Boulevard and Indian Grove lift station projects.

#### **Quarterly Outage Report, Fourth Quarter 2015**

It was noted that animal contact is down and the overall number of incidents is down. Discussion ensued regarding ways to lower the number of outages. Burr suggested looking into failed devices. It was suggested that staff have Jim Pezutto, Electric Supervisor, come in and tell the board what he finds in that category.

#### **NEW BUSINESS**

##### **8. City Engineer Comments**

Board Members are invited to attend a joint workshop of the City Council, Casco Township Board, and South Haven Charter Township Board to discuss the sanitary sewer and wastewater treatment plant planning efforts and the proposed regional water/sewer authority. The meeting will be held on January 27, 2016 at 6:00 pm at Lake Michigan College, 125 Veterans Blvd, Room 141.

Discussion ensued regarding how difficult it will be for the various municipalities to be on the same page.

##### **9. Board Member Comments**

No meeting in February due to lack of a quorum.

Burr noted we are meeting with the Energy Optimization people next week; we are owed a refund.

Stickland had questions about lead in the water.

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**10. Adjourn**

Motion by Winkel, second by Roberts to adjourn at 5:26 p.m.

All in favor. Motion carried.

RESPECTFULLY SUBMITTED,

Marsha Ransom  
Recording Secretary