

Board of Public Utilities

Regular Meeting Minutes

Monday, January 26, 2015
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: Burr, Henry, Overhiser (ex-officio), Roberts, Stein (ex-officio), Winkel, Stickland

Absent: Rose (ex-officio)

Also present: Hochstedler, Finance Director; Halberstadt, City Engineer

3. Approval of Agenda

Motion by Burr, second by Henry to approve the January 26, 2015 Regular Meeting Agenda as presented.

All in favor. Motion carried.

4. Approval of Minutes – December 18, 2014 Special Meeting

Motion by Roberts, second by Henry to approve the December 18, 2014 Special Meeting Minutes 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

Burr commented on the PJM (PJM Interconnection LLC) charges and noted the cost of transmission is going up and will continue going up. "When we look at the cost of energy, our costs are going to be going up because of transmission charges," Burr stated. Stickland commented that it is an unregulated cost while Burr noted that we need to be aware that at some point we may have to address these charges. Halberstadt noted that in a recent meeting he got some information regarding increases in certain categories. Burr explained that the cost of energy from Indiana & Michigan may not go up but these additional charges will. After a question from Roberts, Halberstadt noted that reportedly the costs will be passed on to those who will benefit from the new improvements.

7. Financial Reports

- A. Electric Fund – Financial Report for period ending December 31, 2014**
- B. Electric Fund – Review of Percentage Billed**
- C. Electric Fund – Capital Projects**
- D. Water Fund – Financial Report for period ending December 31, 2014**
- E. Water Fund – Review of Percentage Billed**
- F. Sewer Fund – Financial Report for period ending December 31, 2014**

Hochstedler noted that the Meijer adjustment that we worked out is included in the numbers in the electric reports. Burr stated that he is proud of Hochstedler for finding that \$2,000,000 that we were looking for last month. Hochstedler pointed out that the adjustment covers the time period from September until July; "Meijer paid the whole thing at once so these figures reflect that."

In response to a question by Stickland about capital outlay, Hochstedler noted that Department of Public Works building improvements are in the budget. Stickland then inquired whether those figures are also in the water and sewer funds, to which Hochstedler responded, "No, one hundred percent (100%) is in the Electric Fund." Discussion ensued regarding the water and sewer funds having almost no reserves; none of the funding is coming from the General Fund; with Stickland commenting that each fund needs to pay for itself and we don't want to start changing that policy."

Henry commented that if it is a short-term budget maneuver he would not worry too much about it and if, when the money actually starts being allocated, it is assigned to the correct fund. Halberstadt pointed out that staff is still in the planning stage; when the time comes staff could work with Stickland to allocate the money correctly. Huff and Halberstadt agreed with Stickland's stance. Halberstadt said, "Once the plans are developed, look at the office space and determine what time is spent on which department." Stickland noted he is not as concerned about the dollar amount as he is on process. Stickland noted some recent projects have had written agreements to be sure the money comes from the right fund. Henry noted that the project might need to be down-sized if the other funds cannot come up with the money.

After a question from Roberts on page eleven (11) of the packet, *Electric Fund Capital Project* showed the funds have been allocated to the projects so things can be kept track of. Hochstedler explained the way the budget is designed, noting that this page is just a portion of a larger worksheet, provided at the board's request.

8. Unresolved Issues Report

Huff noted that some items have been completed and removed from this report.

9. Quarterly Outage Report

Huff pointed out the first and second pages which is the comparison between years and indicates that outages caused by tree contact from 2013 to 2014 are down thirty-nine percent (39%). It was also noted that outages caused by animal contact are up.

Stickland asked if the city's Arborist, is still following the plan he explained to the board. Huff indicated that he works by grid. Stickland said the premise was to go in and look at the type of trees and cut the trees that grow fastest and leave the others for two (2) or three (3) years later. Huff responded that internally staff is talking about getting some additional specific circuits cut.

Burr commented on the Ridgewood development and the emergency tree trimming that had to be done. Huff noted that the city had three crews working in there at once. Burr noted that if there had been a five year plan staff would have stumbled onto the fact that that area had not gotten trimmed.

Burr pointed out the area by the State Park on the provided map and is curious if there is another problem on 77th Street. Stein commented that Syndicate Park is in that area and it is heavily wooded. Burr wondered if it is old secondary and stated that something is going on and he would like it to be checked.

10. SAW Grant Project Progress Report

Huff noted this is Abonmarche's first monthly report. There has been a lot of administrative work delineating the work to be done by the city and the part to be done by Abonmarche. Field inventory work is pretty much complete; Ryan Bosscher is working to implement those findings into our system and checking for accuracy. Manhole inspection, televising, are all in pilot status to get a baseline of costs. Huff noted that this is a three (3) year project so there is a lot of administration at the front end to set our path.

Burr asked whether we are going to replace the water and sewer on North Shore Drive. Halberstadt explained that there are two parallel water mains on North Shore Drive and staff wants to eliminate the old four (4) to five (5) inch water main and replace all of the sewer lines.

Burr questioned the paragraph on page thirty-eight (38) where it was indicated that the city will return later to assign GPS coordinates. Halberstadt noted that there will be some manholes that are not easily identified; there will be some of them that will need to be revisited, but not all of them. Burr asked what the accuracy of Abonmarche's GPS is to which Halberstadt responded that staff was told it is survey-grade. Burr asked if they have their own survey team and Halberstadt said yes.

Roberts asked whether the city has to notify Abonmarche if the scope of the project is changed and if there is a contingency. Huff said he does not believe there is a contingency; there is a grant administrator from the state and each item has a separate amount. There will be detailed invoicing.

Discussion ensued regarding the detail of the project which is not included in this report. Halberstadt said this is extremely detailed project and he commends Oosting for sticking with it and getting it done and noted that staff is more than happy to share any of the details with you and explain the component of the SAW grant that is city-funded. Halberstadt noted that City Manager Dissette is suggesting using in-kind services rather than cash to provide the match. This means a lot of administrative work by staff as they will have to keep track of their time to be sure it is being billed to the grant. Halberstadt said it is good that city staff is involved in the asset management, because they will have to maintain the assets down the road.

NEW BUSINESS

11. Board will be presented information concerning a billing correction for the Meijer store.

Huff noted that the billing error was brought to the city's attention by the Meijer department that keeps track of their usage and billings. "They noted that this new store was not using the amount of electricity that is normal for a store of that size. The multiplier being used should have been six hundred (600), not sixty (60) kWh (kilowatt hours), which amounted to \$220,000 being unbilled. The City Utility billing office worked with Meijer and the city has received a check for full payment.

Huff noted that during investigation of the incident, it was found that the original work order was created on November 13, 2014 and our trained Department of Public Works Electric Meter Worker started a scheduled vacation on November 14. A senior electric department lineman did the work and did not know that there was a current transformer on the upper side of the cabinet and that tag shows a multiplier of ten (10). Corrective measures, disciplinary counseling, and a new metering policy has been established, which is attached. Only the qualified electric meter worker will perform final meter registering. If the Electric Meter Worker is not available, the Electrical Superintendent shall consult with a qualified outside company. The Public Works Director and the Electrical Superintendent shall perform a final inspection of all new metering equipment containing CTs and PTs to verify the metering multipliers. Huff also noted that the Electric Department is in the process of a system wide audit to be sure all meter registration is correct. A metering field representative from Power Line Supply has been contracted to provide technical assistance with the audit.

Huff said it is not often that the city gets a new service that big. Henry commented, "Isn't it wonderful to have good organization like Meijer to work with?" Halberstadt agreed that Meijer has to be given all the credit for bringing the error to the city's attention.

Discussion ensued regarding having some kind of procedure where the billing department does a check at the very end. Burr noted that on high-low bills here there is not really a

system that kicks out bills that look out of sync and asked, "Can we tie something over to the Billing Department so there is a last check?" After further discussion, Huff suggested making it a requirement that the work order gets attached to the paperwork going to billing.

Stickland said he was pretty sure the billing department does have a high-low check on it which was corroborated by Hochstedler. Halberstadt noted that it certainly helps to have multiple eyes look at things. Discussion ensued regarding a practical way to ensure that checks happen.

12. Board will be asked to review alternatives for repainting of the water tower located in the I-196 Industrial Park.

Halberstadt explained the repainting of the water tower out by Wal-Mart in the business park. Suggested the board discuss the current exterior appearance and whether the board wants to change anything about the way it was painted. Burr said the logo looks like a postage stamp; suggested just put the lettering "South Haven" and do away with the logo.

Halberstadt said the reasoning behind the two-tone paint job, which Dixon pointed out, is that the area on the bottom of the bowl gathers condensation, which can cause mold to grow, and a darker color helps to disguise that.

Burr asked whether the LDFA (Local Development Finance Authority is going to pay for the painting to which Hochstedler responded that it is in the budget. Halberstadt added that he will be presenting this to the LDFA. Burr suggests seeing what the LDFA thinks. Roberts also said to eliminate the logo; Halberstadt noted it will save money to eliminate the logo, while the two-tone paint job does not seem to require an extra cost.

13. Public Works Director Comments

A. The February 23, 2015 meeting will be cancelled due to lack of quorum. The next meeting is scheduled for March 30, 2015.

14. Board Member Comments

Roberts: Questioned the \$1.00 fee for looking up utility accounts on the website and that he thinks you can look up anyone's utility bill. Hochstedler will look into it.

Burr: No comment.

Henry: Spoke about Judge Brickley now being the chief judge of the court.

Overhiser: No comment.

Stein: No comment.

15. Adjourn

Motion by Winkel, second by Burr to adjourn at 5:21 p.m.

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All in favor. Motion carried.

RESPECTFULLY SUBMITTED,

Marsha Ransom
Recording Secretary