

Board of Public Utilities

Regular Meeting Minutes

Monday, June 27, 2016
4:00 p.m., DPW Conference Room
1199 8th Avenue



City of South Haven

1. Call to Order by Stickland at 3:57 p.m.

2. Roll Call

Present: Bob Burr, Mike Henry, Ross Stein (ex-officio), Barry Winkel, Bob Stickland
Absent: Alan Overhiser (ex-officio), Barbara Rose (ex-officio)

3. Approval of Agenda

Motion by Burr, second by Henry to approve the June 27, 2016 Agenda as presented.

All in favor. Motion carried.

4. Approval of Minutes for the Record

A. May 23, 2016 Regular Meeting Minutes

Motion by Henry, second by Winkel to approve the May 23, 2016 Regular 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. 2016 Billings – All Charges
- B. 2015 Billings – All Charges

Burr commented on the demand being down over a year ago so the cost was down.

7. Financial Reports

- A. Electric Fund – Financial Statement
- B. Electric Fund – Review of Percentage Billed
- C. Water Fund – Financial Statement
- D. Water Fund – Review of Percentage Billed
- E. Sewer Fund – Financial Statement

Burr had questions about sales and end-of-year working capital which Hochstedler addressed, noting that three million dollar number is pretty close, although she thinks it will be somewhat less.

Burr asked about the status of the cleanup at Factory Condos. Halberstadt noted they are working on their design because they have been in touch with city staff a couple of times; the city does not yet have an electric agreement with the firm doing the cleanup. Discussion ensued about the delay, easement agreement and related issues.

Sewer Fund comments included discussion of the SAW grant with Halberstadt predicting we should be even for the year or close to it.

NEW BUSINESS

8. Board will be requested to review a revision to the Public Utilities Rules, Regulations and Policies and make a recommendation to City Council.

Halberstadt noted we have received a request from a new business, a campground, to be located in Geneva Township. The developer has requested primary voltage extension into his development – about 1800 feet and four transformers for a total contribution in aid-of-construction of about \$36,000. The subject customer has also requested an extension of the refund period, doubting that he will recoup his cost in the 36 months allowed by the utility policy. The customer desires a 60 month refund period. Hochstedler asked how that is to the other developers who did not meet the deadline.

Under the current utility policy, the first twelve month refund period commences when the first meter is installed. Under consideration is a potential amendment to the utility policy that would permit the developer to select when the first 12 month refund period would commence, with a limitation that this would occur within the 12 month period following installation of the first meter. This would provide some flexibility for seasonal businesses that see minimal load during the winter months.

Burr said we have a little more stringent policy than many utilities; we require them to put all their money up front and then provide this rebate period. Burr spoke to the difference between a regular customer and a seasonal customer like a campground.

Stickland feels it's not particularly good business for us. Henry noted it's a 3 month business. Stein asked if the customer has a temporary service, what his incentive would be to put the primary in at the end of August. Halberstadt said the unique thing is he has decided to develop the back part of the property first, making the lines longer and costs

higher. Stickland does not think the campground can have a master meter and still qualify for the rebate.

Stein asked whether it's a seasonal rental to which Burr responded that it will be for overnight camping and will not likely have business immediately since he is not in any of the campground guides or other advertising. Halberstadt noted he has already paid the contribution in aid of construction and we are doing work out there.

Stickland noted he is only going to get \$24,000 back maximum so it doesn't seem like much. Halberstadt said he needs primary voltage due to how far back the development is off the road. Stickland asked if we can wait to set the transformers until he is ready for them.

Discussion ensued regarding changing the rules for one customer. Halberstadt noted that we do not want to change the rules for just one customer, thus an amendment to the utility policy is being discussed. Stickland noted that we are more likely to have more of this type of customer than Bohn plants.

Motion by Henry that modification to the policy be denied because of inadequate justification provided. Second by Winkel.

All in favor. Motion carried.

The proposed amendment was denied.

9. Board will be requested to review the opt-out provision of Public Act 95 of 2013 and make a recommendation to City Council.

Stickland noted this is the third year and Halberstadt noted that the state asks us every year whether we are going to participate. Discussion ensued regarding the allocation from year to year. Burr asked if we can only opt out for one year or can we opt out for five years.

Halberstadt recommended that the single year opt-out be considered by the Board. Halberstadt will discuss a multi-year opt out with Jim Weeks and the city's attorney. It may be possible to draft a council resolution with language directing staff to provide opt-out notification on an annual basis for a set period of years. Then, this would not need to be presented to the Board and Council on an annual basis.

Motion by Burr to recommend that City Council opt out of collecting the low income surcharge as outlined in PA 95 of 2013. Shut offs to residential customers for nonpayment of a delinquent account will need to be suspended from November 1, 2016 to April 15, 2017. Second by Winkel.

All in favor. Motion carried.

10. City Engineer Comments

There were none.

11. Board Member Comments

City has hired a new public works director. Bill Hunter, who has about 20 years' experience as public works director of the City of Grand Haven. Bill will be starting near the end of July. Discussion ensued about the amount of interaction with city council that this position has. Stickland noted that the applicant has good references.

Henry said he discovered a pothole near Wilson which he reported and in short order it was repaired.

Burr said he has a pothole near his house due to some test holes and he turned it in as a complaint to the city manager today.

Burr noted that the freezer storage project is going to go forward very quickly now. They will need a variance for height. Winkel asked when they are going to start. Burr said they are going to apply this month which is about a 30-days process with the various boards they need to go to.

Discussion ensued regarding the type of processing that will be done and the size of the project.

12. Adjourn

Motion by Burr, second by Winkel to adjourn at 4:48 p.m.

All in favor. Motion carried.

RESPECTFULLY SUBMITTED,

Marsha Ransom
Recording Secretary