

Board of Public Utilities

Regular Meeting Minutes

Monday, June 29, 2015
4:00 p.m., DPW Conference Room
1199 8th Avenue



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

2. Roll Call

Present: Burr, Roberts, Stein (ex-officio), Winkel, Stickland

Absent: Henry, Overhiser (ex-officio), Rose (ex-officio)

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

3. Approval of Agenda

Motion by Burr, second by Roberts to approve the June 29, 2015 regular meeting agenda with the removal of item 13.

All in favor. Motion carried.

4. Approval of Minutes for the Record – May 18, 2015 Regular Meeting Minutes

Motion by Burr, second by Winkel to approve the May 18, 2015 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

Marilyn Miller was present to dispute a large water bill she received the first of June for \$828.96. Customer Service at City Hall reviewed her account and suggested they could divide the bill into three installments. Customer Service also informed her about this board.

Burr noted that this is a sprinkler meter which had not been billed for four years. Burr explained that according to the utility policy the city can only go back twelve (12) months in the case of a billing issue.

Discussion ensued regarding the city installing a new sidewalk in front of Miller's house, which necessitated her landscaper, DeBest, to dig up her sprinkler system and redo it. Halberstadt noted that if the meter had been changed at the time of the sidewalk installation, the Department of Public Works would have a record of it. "We may have had to adjust the meter pit," Halberstadt stated. Miller cannot believe that she used that much water over that period of time. Stated she always has paid both bills which Burr clarified as a bill for the house and a bill for the sprinkler.

Miller noted that she recently called a plumber to fix a small leak under a sink. The plumber said he heard water running and tracked down a leak which she paid \$600 to get fixed.

Miller said it was beyond her comprehension how there could be such a large bill when you say it was not metered because the record she was given at city hall stated "meter read". Huff explained that the physical meter was registering but the remote which the meter reader was using was not.

Stickland asked where the meter is to which Miller responded that the meter is in the parkway in a pit.

Burr asked whether there was zero consumption on the billing. Hochstedler explained the initial bill Miller received for \$828.96 included all usage; that because this was not a leak Miller was initially billed from the time that it was not being read by the remote. Then it was brought to Hochstedler's attention who suggested that Miller only be billed for twelve (12) months. Miller responded that on Friday she got a reminder notice for the \$828.96 bill. Then on Saturday she received a corrected bill of \$252.65 which Hochstedler confirmed as the twelve (12) month updated billing. Stickland reiterated that if there is a billing error the policy says the city can only bill for the past twelve (12) months.

Miller said she pays over \$32.00 a month even though she is not there most of the year. Discussion ensued regarding the \$32.00 being the stand-by charges which are charged to everyone whether or not there is usage.

Miller was advised that all she needs to pay is the corrected billing amount of \$252.65.

Burr asked whether the remotes are reconciled annually at which Stickland raised the question, "Do we have a way to check whether the bills are out of range?" Halberstadt noted that there are people who never use their sprinklers and get zero reads so a zero read does not raise a red flag.

REPORTS

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

- A. 2015 Billings – All Charges
- B. 2014 Billings – All Charges

Stickland remarked on the cost of true-up and Burr commented that the average is still good.

7. Financial Reports

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

Hochstedler noted she does not have the capital projects sheet. Winkel asked if there was an extra pay period; operating expenses were higher than anticipated. Halberstadt noted there were three pay periods in May.

Stickland asked if it is possible that the monthly expenditure on the sewer fund is higher than usual to which Hochstedler responded that she would have to check.

8. Unresolved Issues Report

Huff noted there is nothing new; said he has started to look into what needs to be added to the building services bulletin board about tampering. Hochstedler asked whether people who have now tampered three (3) times can be turned over to the Police Department since it is theft. Discussion ensued regarding whether we are authorized to penalize a customer. Stickland said stealing is an offense that you go to the Police Department to resolve to which Hochstedler responded that the city clerk is planning to call the Police Department.

9. SAW Grant Project Progress Report

Huff updated the board on Abonmarche's progress: continuing work on inventory; planning an area for additional sewer cleaning; have started design work on some individual projects.

In response to a question by Roberts, Halberstadt noted that "missing" manholes are often buried under landscaping or off pavement areas. Huff noted that Abonmarche initially went out and visually found as many as they could and entered them by GPS coordinates onto maps. Burr asked whether some of those "missing" manholes have been retired to which Halberstadt noted, "We need to go through the list and determine if those manholes are still there or were removed at some time."

Roberts asked whether there are any manholes at Sherman Hills to which Halberstadt responded Sherman Hills is not connected to the city sewer system and many of the manholes are uncovered. Halberstadt noted that this report covers both storm and sanitary sewers; this is the first ever effort the city has made to inventory our storm sewers.

Halberstadt noted that while the city has numerous old maps, staff is not sure whether everything on them actually exists.

Discussion ensued regarding a recent occurrence of water coming up on Center Street; whether that got corrected and if the city has plans to do infrastructure improvements when Center Street paving is done.

UNFINISHED BUSINESS

10. Board will be requested to review electric rates for the 2015-2016 fiscal year.

Stickland explained the idea is to recapture our costs and put the PJM (transmission) charges on a monthly cost adjustment because we have no way to predict what they will be. "Anything over and above five hundred thousand dollars (\$500,000) will become monthly adjustable, like fuel rates. These rates will affect your commodity charge. The biggest cost increase we had last year is transmission; that is not going to be fun if that continues next year. People are going to get some hefty cost adjustments," according to Stickland. Roberts wondered whether we are high enough to which Burr responded that we want to earn about six hundred thousand dollars (\$600,000) per year so that should cover it.

Hochstedler noted that they did add some wording that will be in the ordinance, which is where we have the "\$500,000 annually"; the number could change if needed.

Burr said we ran some comparisons with the City of Holland and with Consumers Energy. Holland was 11.7 per kilowatt hour and will have a rate increase of 3% starting July 1. Consumers Energy's rates are also higher than the city's rates. Discussion ensued regarding whether the increase will be enough. Stickland noted that if the cost goes up in a year the city will have to raise our rates; we want to keep our rates as low as we can and keep the system going.

Hochstedler asked if staff is going to start working on a five (5) year plan. Discussion ensued regarding projects coming up in the near future with Halberstadt noting that around year four is when you want to start a study. Burr commented that demand charges went up; residential customers supply the demand in June/July/August. Burr noted the trend in classifying by demand and non-demand meters.

Roberts asked whether we have checked other meters for multiplier errors like Meijer's problem and Huff noted they did check that right after the issue with the Meijer's meter.

Halberstadt explained the difference between Holland and South Haven being that Holland has generator and South Haven does not. Burr noted the Energy Optimization program is supposed to go away at the end of the year. Halberstadt stated, "We don't know that for sure. There is talk of phasing it out like it was phased in."

Motion by Roberts to recommend to City Council the draft ordinance as proposed to amend Section 86-36 rates for the city of South Haven as presented at today's Board of Public Utilities. Second by Winkel.

All in favor. Motion carried.

11. Board will be requested to review the DRAFT South Haven Area Water-Sewer Authority Contract (presented at the June 11, 2015 workshop) and provide comments.

After questions, Huff commented on the background information in the staff report for this item.

Roberts: Page 2, Section Q. What are those legally binding documents. Halberstadt said he believes that refers to the various ownerships of debt service. Stein noted that some of South Haven Township's bonds are underwritten by the township sewer/water authority and the rest are underwritten by the county. Stein said the Allegan one will expire in two (2) years; the county one will expire in four (4) years; there is another small one held by a bank.

Roberts: Page 3. Seven-member board, of which six members appoint a seventh member. Discussion ensued about how many members were discussed at the meeting; Stein noted that the make-up of the board is up for discussion.

It was noted that Covert will not be included in this discussion; there may be some contractual agreements with Covert in the future.

Roberts: Special meetings being called by officers; who are the officers? Stickland noted they would be members of the board elected to serve as President, Vice President, Secretary and Treasurer.

Roberts asked if the Covert Generating Facility water intake will be included as part of the assets to which Stickland responded yes.

Roberts: Page 8, section B. What is meant by "the county"? Stein said the County Board of Commissioners or the Road Commission.

Roberts questioned the city's rights as lessor to which Stickland stated it is the same as driving a leased car. Discussion ensued with examples.

Roberts: Page 10, Section 33. "This does not preclude SHAWSA providing . . . ". Stickland said if you are on an existing line you are a customer. Stein said this is outside the jurisdictional boundaries, so you could contract with them. Covert is going to be outside this and they would fit into this.

Roberts: Last sentence in Section 3.4. Halberstadt explained that if mains are being extended into Geneva Township, permission will have to be obtained from Geneva Township. It was noted that if the service is already there the SHAWSA can do the repairs. SHAWSA will have to negotiate with Geneva Township to do work in Geneva, not with all the other jurisdictions.

Stickland noted that the SHAWSA would run the plant, but the city would provide leased employees.

Roberts: Section 3-7. "Do we have people that have not been required to connect that will then have to be required to connect?" Stein stated that the township is working on this; we are down to about twenty (20) people who have not connected.

Roberts asked about easements for sewer and water. "Will SHAWSA be able to access the easements?" Halberstadt explained that newer easements will have a sentence at the end stating that the rights are assignable. Roberts asked if only a municipality can draw water from Lake Michigan, how can SHAWSA, to which Halberstadt responded that he would assume that SHAWSA would also be considered a municipal entity. Discussion ensued that this would be an attorney question. Stein stated there are about three different ways that municipalities can cooperate.

Discussion ensued regarding accounting procedures and tracking time.

NEW BUSINESS

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

Stickland said this is the same as last year and nothing has changed. Burr explained that we do not participate as we do not do shut-offs during the time Public Act 95 of 2013 covers.

Motion by Burr, second by Winkel to recommend to City Council to opt out of Public Act 95 of 2013.

All in favor. Motion carried.

13. Board will be requested to review a request to grant an exception to Sec. 86-156 of the Code of Ordinances and make a recommendation to City Council.

This item was deleted during approval of the agenda.

14. Public Works Director Comments

A. Next Meeting is scheduled for July 27, 2015

Commented on last Wednesday's storm.

Huff asked whether anyone wants to discontinue getting paper copies. Burr said his could be placed in his mailbox at city hall. Stickland said he could pick his up.

15. Board Member Comments

There were none.

16. Adjourn

Motion by Winkel, second by Roberts to adjourn at 5:45 p.m.

All in favor. Motion carried.

RESPECTFULLY SUBMITTED,

Marsha Ransom
Recording Secretary