

Board of Public Utilities

Regular Meeting Minutes

Monday, July 25, 2016
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: Robert Burr, William Roberts, Barry Winkel, Robert Stickland

Absent: Mike Henry, Alan Overhiser (ex-officio), Barbara Rose (ex-officio), Ross Stein (ex-officio)

Also present: Larry Halberstadt, City Engineer; William Hunter, DPW Director

3. Approval of Agenda

Motion by Winkel, second by Roberts to approve the July 25, 2016 regular meeting agenda as presented.

All in favor. Motion carried.

4. Approval of Minutes for the Record

A. June 27, 2016 Regular Meeting Minutes

Motion by Burr, second by Roberts to approve the June 27, 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

Halberstadt noted that an adjustment by I & M for the PJM Transmission Charge has been made. I & M had been incorrectly charging us, which resulted in a new charge of \$7,072.97.

Burr asked when the rate increases went into effect which Stickland stated was July 1. Halberstadt noted these are the city's increases. I & M increases take place the first of the year.

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

Stickland noted going up from 2.5 to 2.9, assuming our income on all three utilities, when auditing is complete and capital account amounts will be moved into the capital fund, at which time our earnings increase.

Burr explained that there is still money coming in that was billed in June.

Burr asked the new Department of Public Works Director, William Hunter, whether he used fund balance accounting at his last position to which Mr. Hunter responded yes.

It was noted that until the auditors get done in November it is difficult to determine exactly where the funds stand.

8. Quarterly Outage Report

Burr pointed out that the failed device category has decreased. Stickland noted that failed devices are still the number one cause of failures and that staff is trying to install more squirrel guards on transformers. Discussion ensued regarding the types and efficacy of such guards. Stickland would like to have Jim Pezzuto, from the Electric Department, come in and talk to us about outage causes. Burr noted that wherever he has been, squirrels are a problem while Stickland commented that the city still has the best service record around the state.

9. SRF Project Bid Results

Halberstadt said City Council has looked at and approved the tentative award of the SRF Projects with intent to continue working with the DEQ to get our loan with them finalized. Bid tabs for most projects turned out pretty well. North Shore Drive came in below the engineering estimate. Monroe Boulevard and Indian Grove came in a little more than the engineer's estimate. Staff will be having a conversation with Kalin Construction about that, due to demolition and replacement, for which the bid came in very high. Halberstadt stated staff thinks a whole lift station could be purchased for that money and staff will try to find out how we can knock that figure down.

Stickland asked how much of the cost was due to appearance; Halberstadt stated that it could be partly that, noting that Kalin Construction based their estimate on the cost of the precast panels required in the bid documents.

Halberstadt noted that staff decided to award Contract 2B to Millbocker & Sons because other bids received were not complete.

Halberstadt also explained that Dunkley and Black River Street turned out a little sideways; staff is going to try to do some changes to get that cost down a bit. Roberts asked what is involved in the project. Halberstadt said there are two streets and there has to be a lot of extra work to get through peat and it includes a pump station and a river crossing.

Stickland asked how the river crossing will be done to which Halberstadt responded, "Directional drilling." Burr said the pilings are supposed to be at least 38 feet and they are going to go 45 feet. Discussion continued regarding the intervals, which Halberstadt explained are one thing that is going to be considered; whether the space between piles can be widened. Halberstadt noted this is going to be done in the muck with two sets of piles every few feet to support the sewer. Burr asked if they can have a longer span, specifically, what the span on sewer pipe is. Halberstadt noted that it's the sheet pile that will be the support for the pipe.

Roberts noted there is a big cost difference due to the pilings. Halberstadt drew a diagram to illustrate the way the design is done; Stickland commented that he does not see a lot of strength in that sheet pile. Discussion ensued regarding the type of pipe; Halberstadt said he thinks the specifications are for PVC pipe, noting that it is important to maintain really tight tolerance on that pipe. Stickland speculated that it is probably a cost factor, noting that sheet pile is a lot cheaper than I-beam. In response to a question about rusting, Hunter noted that peat is constantly deteriorating, and asked, "How acidic is it?" Halberstadt explained the contractors will dig a trench, install everything and backfill with sand.

Roberts asked what the stats are for, whether it will flow or will not flow.

Discussion ensued regarding chemical corrosion from industry in the past, causing the problems with the current lift station.

Stickland suggested that Hunter contact Abonmarche and ask them about their choice of materials.

Roberts noted on Millbocker and Sons' bid, their signage estimate was higher than others. Halberstadt said he thinks Millbocker & Sons may be unbalancing their bid to get more money up front, noting that this is a lump sum bid item. Roberts asked, "So you just make progress payments?" Halberstadt noted that a contractor that is on the ball will try to bid high on sewer because they know they will get paid for a certain number of feet of sewer. In response to a question, Halberstadt noted that staff looks at both of these contractors (Kalin and Millbocker & Sons) as they have done work like this for the city in the past.

Discussion ensued about which projects were designed by whom.

Roberts asked whether they temporarily keep a lift station up while building the new one. Halberstadt noted that they will build and test the new station before they ever send a drop of water to the sewer.

Discussion ensued regarding the total amount of bonds and what rate increases will be necessary to support those bonds.

10. Biosolids Removal and Land Application Agreement

Halberstadt explained the background regarding the contracts and when hauling was done. The most recent contractor, Nutrigo, hauled in March and December and then did not come through for the June hauling, saying they had no farmland lined up. The city arranged for some solids to be hauled to the Muskegon County Wastewater Management System for disposal, giving staff time to talk to both Bio Tech and Synagro about performing hauling for us. Halberstadt explained the difficulties in acquiring farmland by Synagro, based on that staff felt it better to go with Bio Tech, because they were willing to offer us a fixed rate.

Halberstadt said he believes it may get harder and harder to find farmland. In response to a question, Halberstadt said Muskegon has lagoons which they drain, dredge out and haul it to a landfill next door.

Halberstadt said City Council has already reviewed and approved a 36-month contract with Agronomics, Inc. at their last meeting due to the nature of the contract with Bio Tech being contingent on getting the contract by mid-July.

Stickland noted the city was over a barrel. Winkel explained that this material cannot be put on land that is growing crops for human consumption; it has to be crops for animals. Discussion ensued regarding the City of South Haven's drying beds and how many of them are in use.

It was noted that the agreement with is a three-year agreement. Roberts asked if drying beds have to be close to the plant to which Stickland responded, "No, but then you have to pay to truck it." Halberstadt noted that is what Muskegon does, they own and rent out farmland and use the effluent from the plant to irrigate it. Halberstadt noted that it costs more than we have been paying to apply it to fields. In response to a question, it was noted that Albermarle has a pre-treatment plant on site. Halberstadt stated the city has had an agreement that Albemarle pays for half of the cost.

Burr explained Muskegon has had a loss in industry which has given them tons of unused capacity. Hunter will call the Muskegon plant and find out some details.

Halberstadt expects that there will be times in the future when we will be coming to the board asking for hauling to Muskegon.

Stickland said if we improve capacity we will have to get rid of it by hauling.

Burr questioned whether the billing people are billing that cost. Hunter will find out whether this is being billed. Halberstadt estimates our cost going from about \$60,000 /year to \$90,000.

11. City Engineer Comments

We have a new DPW director. Appreciates the boards support while doing double duty and looking forward to having someone on board to help.

12. Board Member Comments

Burr: Regarding the old city barn building, when is Prism is going to start digging and hauling stuff away? Halberstadt said the contract was just approved at the last City Council meeting. Burr noted the money will come out of the motor pool.

Stickland: Questioned Halberstadt regarding an issue that he is concerned about. Halberstadt said he believes we need to have more discussion. Stickland said if you need me to be involved I will.

There were no other comments.

13. Adjourn

Motion by Burr, second by Winkel to adjourn at 5:00 p.m.

All in favor. Motion carried.

RESPECTFULLY SUBMITTED,

Marsha Ransom
Recording Secretary