

# Board of Public Utilities

## Special Meeting Agenda

Thursday, December 18, 2014  
9:00 a.m., DPW Conference Room, 1199 8<sup>th</sup> Avenue



City of South Haven

### 1. Call to Order by Stickland at 9:00 a. m.

### 2. Roll Call

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

Absent: Overhiser, Rose

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

In response to a question by Stickland regarding this being a special meeting, Huff stated that the required notice was given.

### 3. Approval of Agenda

Motion by Henry, second by Burr to approve the December 18, 2014 Special Meeting Agenda as written.

All in favor. Motion carried.

### 4. Acceptance of Minutes for the Record – November 24, 2014

Motion by Burr, second by Roberts to accept the November 24, 2014 Regular Meeting Minutes for the record.

All in favor. Motion carried.

### 5. Interested Citizens in the Audience Will be Heard on Items Not on the Agenda

#### NEW BUSINESS

### 6. Board will be requested to approve a recommendation to City Council to approve the Amended and Restated Cost-Based Formula Rate Agreement for Full Requirements Electric Service with Indiana Michigan Power Company.

Huff noted this item is the reason for calling this meeting.

After questions, Halberstadt said we had hoped to just renew this. However, we were informed that we had to use an electronic system. Burr stated that the amount of notification time required to break the contract was decreased from seven (7) years to four (4) years and that is the only change.

Discussion ensued regarding I&M having to purchase power ahead of time and what liabilities there are because we canceled the contract. Stickland asked if the new contract is filed with the Federal Energy Regulatory Commission (FERC).

Stickland said we could protest, in the old contract, we could object to certain things. Halberstadt said Lisa Gast assured him that we would still be able to file appropriate action with FERC. They still included that in the new contract.

Halberstadt noted quarterly reports (EQRs) will be filed with FERC.

Stickland asked if we are closing all doors we have to protect us? Halberstadt said he can share an email with Stickland which he received from Lisa Gast of Duncan, Weinberg, Genzer & Pembroke, P.C.

Burr asked where the change from seven (7) to four (4) years came from. Halberstadt said it was our counsel's idea. Indiana Michigan Power Company (I&M) was dissolving the power pool and replacing it with a power coordination agreement. The concern, according to Halberstadt, was off-system sales we shared could be reduced having a negative impact on our rates. It was a negotiation that occurred in an attempt to protect us.

Halberstadt and Stickland pointed out the letter from our attorneys in the packet.

Henry recommended that the board go with the recommendation of our attorney and counsel.

Halberstadt was concerned that we were giving up a right to protest with FERC, but Lisa Gast assured him that was not the case, to which Stickland added that we want to be able to still go in there and protest their numbers, which are still being reviewed.

Roberts asked about the agreement, noting that at the end of this letter there is a reassurance that if any problem occurs they can fall back on the previous contract. Noted that the rules changed in 2010 and wondered what the drive is to have this done this year?

Halberstadt noted that the first opportunity to provide the four year notice is May 21, 2015. "The city wants that opportunity; that's why we want to get this agreement in place. Are we going to do this? Probably not. But we want that ability to be in there. It would be a complex process due to there being ten (10) or more boards that would have to decide the same thing."

~~Roberts asked if there is going to be back-and-forth with e-tariff. Stickland noted that there is indication that this is not a simple process, remarking, "If we were to have a reason to protest numbers it would cost us a lot of money and take a while because it's FERC, it's Washington, but it's our own protection."~~

Winkel pointed out that Dowagiac agreed to this and they are being used as the model. I & M is going to get away without using e-tariff. Stickland said they are changing us to a different model. Halberstadt said a Supreme Court judgment makes this allowable.

Motion by Roberts, second by Burr to recommend a motion recommending that Council approve the Amended and Restated Cost-Based Formula Rate Agreement for Full Requirements Electric Service with Indiana Michigan Power Company. Council's approval will take the form of a resolution authorizing the Mayor to execute the Amended Agreement on behalf of the City.

All in favor. Motion carried.

**7. Board will be requested to approve a recommendation to City Council to award the following contracts for Core City Secondary Upgrade – Phase II:**

**A. Extend the contract with Kent Power, Inc. of Kent City, Michigan for Core City Secondary Upgrades – Phase II. Labor and materials to be provided are defined in the contract documents prepared by GRP Engineering.**

**B. Award the contract for professional services for community outreach and communication to Abonmarche in the amount of \$33,500.**

**C. Award the contract for preconstruction videotaping services for the Core City Secondary Project to Structures, Inc. in the not-to-exceed amount of \$18,923.**

Huff introduced Item 7 as something that just came up so we added it to this agenda, explaining that when Phase 1 was approved we intended to look at the possibility of extending Kent's contract for Phase 2. GRP put together plans for Phase 2, provided them to Kent Power, and Kent Power has agreed to maintain their unit prices that they bid for Phase 1 with one exception. GRP discussed with Kent Power about their unit price for setting the secondary poles. Phase 1 charged \$3,000 per pole, which is their crew cost per day, while in actuality, Kent crews were resetting three (3) poles per day. Kent agreed to do pole setting under time and material.

Huff noted the reasons we recommend going with extending contract. Phase 1 has gone well; their crews have worked professionally and we have gotten many compliments from residents and staff; they know our system; they know the work and no time will be needed to "get up to speed". Huff noted that the same bidding environment exists now as at the time of bidding Phase 1: there is a lot of work; contractors are busy and a lot of work is being bid. Contractors are not bidding on everything and bidding is high so the feeling is that bidding would not get us a better price.

This item also includes a proposal for entering into another contract with Abonmarche for community outreach and coordination for the amount of \$33,500.

Discussion ensued regarding the Phase 2 area including both sides of Center to Lake Michigan and South Haven Street to Aylworth. Stickland pointed out that Phase 2 encompasses an area south of Phase 1 beginning at South Haven Street. Burr said the same crews would move from Phase 1 to Phase 2 once materials are purchased and City Council approves Phase 2 the first Monday in January.

Huff noted that a public meeting will be held on Jan 17, 2015, and then Abonmarche would do the same things they did in Phase 1 including using door hangers. Notification letters would be sent out today if the proposal is approved.

Regarding questions on the cost of the total project, Hochstedler distributed a handout with the updated figures. Total project cost will be \$861,000 with \$4,745,527 in capital outlay. Burr noted that included in the capital outlay figure is \$1.1M for a building that will not be happening this fiscal year. Halberstadt noted staff is working with architects and Huff said staff will get the project bid, but the money will not be spent by July 2015.

Henry believes Kent Power knows their trade and craft; they look like they did a great job. Burr stated the condition of the wire was really bad, worse than originally thought; may have been installed around 1948; there was some line loss involved. Burr noted that because of that it is critical to continue and complete Phase 2. Burr explained that maybe Phase 3 & 4 wires are not that same age so Huff noted that we probably want to do some primary work before we tackle those phases.

After questions from Roberts, Burr noted our engineers identified the poles to be replaced.

Roberts asked if there were any surprises during the Phase 1 work to which Burr responded the condition of the wires and Stickland noted the condition of the poles, with both agreeing that the wires and poles were likely over sixty (60) years old.

Stickland thinks extending the contract to do the Phase 2 work is a good deal; and the city needs to do it. Henry said his question would be whether we are satisfied with Kent Power's quality and level of work and he thinks the answer is yes.

Discussion ensued regarding disposal of poles and transformers. It was determined that the city is paying Kent Power to take care of the disposal of those items.

Motion by Henry, second by Burr to approve a recommendation to City Council to award the following contracts for Core City Secondary Upgrade – Phase 2:

- A. Extend the contract with Kent Power, Inc. of Kent City, Michigan for Core City Secondary Upgrades – Phase II. Labor and materials to be provided are defined in the contract documents prepared by GRP Engineering.
- B. Award the contract for professional services for community outreach and communication to Abonmarche in the amount of \$33,500.
- C. Award the contract for preconstruction videotaping services for the Core City Secondary Project to Structures, Inc. in the not-to-exceed amount of \$18,923.

All in favor. Motion carried.

- 8. Next meeting is scheduled for Monday, January 26, 2015 at 4:00 pm in the DPW Conference Room, 1199 8<sup>th</sup> Avenue, South Haven, Michigan.**

Huff noted that there will be no regularly scheduled meeting in February due to board absences, unless there is a need to call one on a different date.

#### **9. Director's Comments**

Huff appreciates everyone showing up with short notice. Have a great, happy holiday!

#### **10. Board Member Comments**

Roberts said someone is surveying storm sewer in front of his house. Huff explained that work is part of the SAW grant, the first step of the Asset Management Plan. They are picking up every structure on GPS and that gets tied in to our GIS system; the contractor will do a condition assessment which will be a tool for us to see where the bad sections of pipe are.

Stickland asked if he wanted to see the location of the sewer on his street where would he go. Huff said we would send you to Ryan Bosscher, GIS Tech, and if needed, he could print the as-built drawings. Huff also commented favorably on the quality of the work the GIS Tech has produced during his years with the city.

Roberts asked if the SAW grant project results in any core change. Huff responded, "Not right now, this grant includes storm and sanitary, but they are also picking up any water and electric they find."

Stickland wished all a Merry Christmas.

#### **11. Adjourn**

Motion by Henry, second by Winkel to adjourn at 9:54 a. m.

All in favor. Motion carried.

RESPECTFULLY SUBMITTED,  
Marsha Ransom  
Recording Secretary