

# Board of Public Utilities

## Regular Meeting Minutes

Monday, March 30, 2015  
4:00 p.m., DPW Conference Room  
1199 8<sup>th</sup> Avenue



City of South Haven

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

### 2. Roll Call

Present: Roberts, Rose (ex-officio), Stein (ex-officio), Winkel  
Absent: Henry, Overhiser (ex-officio), Stickland

Also present: Wendy Hochstedler, Finance Director; Amanda Morgan, Customer Service Director

### 3. Approval of Agenda

Motion by Winkel, second by Roberts to approve the March 30, 2015 regular meeting agenda as presented.

All in favor. Motion carried.

### 4. Approval of Minutes: January 26, 2015 Regular Meeting Minutes

Due to omission of minutes, the board was unable to review or approve them.

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

Ed and Andrea Aleman: Six months after the Alemans had moved out of the house they were living in, they received a bill for \$2000 for utilities with six months to pay the total.

Burr explained the details regarding the request, stating that the meter had not been read for twenty-two (22) months. The account was in the Alemans' name for fourteen (14) months. Discussion ensued regarding whether the \$2,000 was for the full period or two years. Hochstedler stated she had adjusted the bill to \$1409.16.

Burr stated that the utility policy allows the utility to go back one year on billing errors and give credit or charge you, noting that this is the same policy as other utilities in the State of Michigan use, such as Consumers Energy, Michigan Gas Utilities; everyone has that right. Burr noted, "So we stand by our policy."

Burr informed the Alemans: "You have two options – one is a payment plan to cover the \$1409.16 or have it placed as a lien on the property which would allow the city to get their money at the time of sale."

Ed Aleman asked if the payment plan could be extended on the \$1409.16. Burr stated it is pretty lenient but asked the Alemans to give the board a time frame on how long they want.

Andrea Aleman stated that they have a big family, five (5) children, and their budget doesn't stretch to an additional payment; stated they could pay the entire balance in February 2016, after they get a tax refund. "We don't have any extra monthly money, just bought a new home. The lien would be on a house we don't even own." It was clarified that the home is owned by a sister. Burr noted that he does not think the city can place the lien until next year.

Hochstedler stated that if the bill is delinquent for six (6) months or more, a lien can be placed on next tax bill. Hochstedler noted that if the city has an agreement, that parcel would be marked and we would not place the lien. Hochstedler informed that the earliest a lien could be placed in absence of an agreement would be July 2015.

Burr asked if the ability to pay is based on a tax return. Andrea Aleman said they usually get a tax refund the first week of February.

Burr asked whether, from a billing perspective, staff is willing to accept this agreement. Morgan said the problem would be if they sell the house. Ed Aleman stated the house is owned by his sister. Burr said he would be willing to go to the February date and if payment hasn't been received at that time then the lien plus interest goes on the property.

Robert asked if there is no window that closes on placing the lien to which Burr responded, "No, it can be done at any time." Roberts suggested making the due date March 1, 2016.

Consensus was reached by the board present to accept the Alemans' promise of payment of \$1409.16 on March 1<sup>st</sup>, 2016 with the condition that if not paid a lien will be placed on the property.

## REPORTS

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

Burr noted the PJ&M charges have been going up. In our rate structure we can handle about \$50,000 a month and anything over that we have to eat. Burr thinks the board needs to change our rate after the May meeting; pass the charge on just like the fuel adjustment charge. In talking with other cities staff learned that they consolidate the fuel adjustment charge and the PJM charge.

### **7. Financial Reports**

This month, Burr noted the credit on fuel adjustment is \$50,000, which is being given back to customers, and the utility is eating the transmission charge. Halberstadt is going to get some clarification at the meeting in May; Burr conjectured how he thinks it is figured, but once staff has the meeting with Indiana & Michigan, that adjustment should be made to our schedule to go into effect as of July 1, 2015.

Halberstadt has been trying to get more information about PJ&M tariff and how it is being calculated using big formulaic spreadsheets. If Halberstadt gets more information it will be shared with board.

Hochstedler reviewed the Financials with the board. Burr noted on the projection we previously talked about a storage building but there are no dollars in here for it. Hochstedler informed that it was taken out because we knew it wasn't going to happen. Burr noted that change pumps up available monies.

Discussion ensued about being one million dollars (\$1M) under where we were last year, and Hochstedler noticed she needs to figure out why there is no purchased power for this month.

Water Year-To-Date actual is very small due to the Dyckman Avenue costs not being broken out yet as to what was Streets, Water and Sewer, according to Hochstedler, who noted that the funds are sitting out there to be paid by the fund but that has not been done yet.

## **8. Unresolved Issues Report**

Huff updated the board on recent outages: of the ten (10) outages eight (8) were tree-related and two were squirrel-related. Noted that Pilgrim Haven area has many large mature trees.

## **9. SAW Grant Project Progress Report**

- A. SAW Grant – Asset Management Plan Project Status Report
- B. Rate Consultant Reference Check

Huff asked if the board is comfortable going with Burton Associates as a rate consultant. In response to questions, Halberstadt noted that starting the Dyckman project started the work.

Consensus by board that the Burton group will bid the project out.

## **NEW BUSINESS**

### **10. Board will be requested to sponsor an historic marker for the Harborwalk.**

Burr explained the process being undertaken by the museum to replace the deteriorating Harbor Walk signs; noted Patti Montgomery is here from the museum to answer any questions the board may have. Burr commented that he sponsored a sign from the Depot.

Montgomery explained that the museum, in partnership with the City of South Haven, is replacing eighteen (18) to twenty (20) Harbor Walk markers.

Burr noted that Board of Public Utilities Chairperson, Bob Stickland, had some suggestions for rewording the sign.

Montgomery said the museum is down to getting sponsors for the final couple of signs and hope to have the markers up for this coming season. The cost per marker is one thousand dollars (\$1,000). Montgomery said this has been a great collaborative effort between the museum and the city and in many cases the wording on the sign is matched up with the sponsor. Huff pointed out that the sign the Board of Public Utilities is being asked to purchase/sponsor is the "Water Works Plant" marker, which is located in close proximity to the water filtration plant.

Motion by Winkel, second by Roberts to purchase the "Water Works" plaque for \$1,000 for the Harbor Walk.

All in favor. Motion carried.

**11. Abonmarche will present an update of the Sewer System Study (Indian Grove Infrastructure Project).**

Huff noted that the final draft of the report will be reported to the Department of Environmental Quality (DEQ), and then will go to City Council for a formal public hearing. The main issue here is a final ordering of the recommended projects as they all tie in to the SAW grant and the design work. What staff is looking for, after Dan's presentation, is for the board to formally adopt the plan and take a leadership role in recommending acceleration of the plan if you feel that appropriate. Then we would just need a recommendation to staff to move forward.

Roberts asked if this is the final plan going to City Council. Tony McGhee from Abonmarche Consultants, Inc. explained the steps as they dovetail but that there are two separate programs started in 2012.

The State Revolving Fund (SRF) plan: Larry Halberstadt, City Engineer enumerated the steps and how the project plan is an application for an SRF plan. Staff has to indicate the findings and request a loan. Roberts asked if this was separate to which Halberstadt responded that when the project began the SAW Grant did not exist, but when it came out we could see it would help with the S-2 plan to save us a little on the total cost at the end of the day.

Dan Dombos, P. E., Project Engineer from Abonmarche Consultants, Inc. Stated he is going to go briefly through Utility Mapping; Field Investigation; Flow Metering (rainfall inflow and infiltration) and storm water entering the system; Smoke Testing; Televising internal defects and avenues for infiltration in pipes and manholes, coalescing these defects, looking at feasibility and cost effectiveness; finding that it is more cost effective to treat by upsizing the pipes; lift stations; and plant in order to handle that. That is looked at, as well as inflow and infiltration removal; being proactive whenever possible; and freeing up capacity in existing system. The ultimate goal of the S2 process is to develop your SRF Project Plan.

Utility Mapping: Working with City's GIS system; update the map; bringing it into the GIS system and make it part of the SAW; get it updated to help us.

Flow Metering: Setting up for capturing rainfall events that register on a scale so you have a return period event. Key service districts identified. When you have a rain event you do some projecting based on small rain events, then extrapolate to a larger event. This indicated that the Peterson and Phoenix ravines; Waste Water Treatment Plant; from North side where it crosses by Dyckman Bridge and up by Bailey. The vast majority of flow is through the Peterson ravine; most significant infiltration and inflow spikes. Inflow goes into a catch basin and then into the sanitary sewer. Infiltration is harder to find; cracked pipes, leaky manholes, subsurface, ground water entering the sewer. Burr commented that the normal flow is 1.5M and when it rains it can be 5.5M before it gets to his house. Dombos explained that Indian Grove work has mitigated the flow issue somewhat. Burr noted that it has been one-and-a-half years since he had an overflow. Dombos explained that steps include arraying your flow meters to isolate spikes to be able to key in on some areas.

Dombos explained the key to the flow metering map and that 2012 was historically a dry year with a warm December. Because of not seeing a whole lot, Abonmarche had to come back and do another phase of metering to get a chance to see some of the rain events that moved the needle, continually narrowing our focus.

Smoke Testing Map: Smoke testing was done in peak flow areas. We were able to identify clean-out caps; maintenance-type things; repairable things such as catch basins on Center Street that smoked. These were storm sewers; smoking the sanitary sewer caused smoke to come out in storm catch basins. Abonmarche has no formal reason; typically storm and sanitary sewers are not connected. Under a concrete road there might be voids; cracks in pipes, etc. allowing storm sewers to gain access to the sanitary. Other fairly minor items and a couple businesses that had connected gutters to the sanitary sewers; those are typically an enforcement issue.

Sewer Televising: After metering, Abonmarche started looking at available information from televising; saw that the Peterson Drain, areas G & F on the map were areas of concern. Found some bad pipes under pavement. Burr wondered where the sanitary pipe had disintegrated was storm water getting in to which Halberstadt responded that he did not think so; it was more sand and dirt getting into the pipes. Dombos noted there are structural and critical defect components to this as well. Abonmarche rated all the results of the televising, using a standardized rating mechanism, to unify the playing field. The DEQ requires use of this unified scale and then we look at the most cost effective way of addressing it.

Project Map: Dombos explained this presents packaging and phasing options. The color scheme helps you see how the projects lay out. Huff distributed a handout with matching color coding. Dombos noted that the intent was to identify how to remove the most Inflow & Infiltration from the system; look at the gains you have made and size your lift station accordingly. The spreadsheet is a cash flow plan, undertaking a limited number of cash flow plans each year.

Estimated Project Costs: The main projects include the main lift at five million dollars (\$5M); North Shore Drive at two-and-a-half million (\$2.5M); Indiana Avenue on the south side of town. Huff noted the SRF portion is what can be funded using loans. Dombos and McGhee noted that at twenty (20) years at two-and-a-half percent (2.5%) even some of the road reconstruction can be included when you need to access the sewer. The SRF does not pay to rebuild the whole road, just the part related to this project. Halberstadt noted that is why we have separate SRF and City costs. McGhee explained how it breaks down is according to how much is for the sewer system. McGhee explained these projects are based around about one million dollars (\$1M) of cash per year available. There are some project areas identified by a cash flow basis. Tony did some projecting to show how borrowing could work to do complete projects with a one million dollar (\$1M) cap. The project that doesn't fit into that is the main pump station which involves a five million dollar (\$5M) balloon payment near the end. This makes sense from a structural standpoint but does set the city up for a big hit at the end of that project. The last blue columns are non-SAW projects: could be put off the longest and require less in terms of design.

Hochstedler asked about Kalamazoo Street Phase III. Dombos stated that the city has the project currently on the books or intends to take that on themselves. In response to another question, Dombos explained that Cartwright Street is included with the Kalamazoo Street project along with a block of Aylworth.

Burr questioned whether the dollars include the streets, to which Dombos and Halberstadt responded yes. Burr clarified that Dombos is talking about total project cost, which includes streets.

Halberstadt said typically sixty percent (60%) of the project comes out of street funds, twenty percent (20%) from water funds and twenty percent (20%) out of sewer.

In response to a question from Roberts, Dombos stated these figures are current prices. Discussion ensued regarding priorities; how you know when you have reached various percentages of completion; percentage of investment; percentage of I & I or percentage of dollar value as well as structural components. Dombos rhetorically asked, "Was Dyckman one of the city's highest I & I issues? No. But it was an immediate risk and had to be repaired." Huff said the priorities are more driven by possible structural issues.

Discussion ensued regarding state guidelines; overflows being the symptoms that are actionable; identifying the biggest impact areas; the challenge for staff with turnover of the board and turnover on council and the reality of having to sit down and explain this. Discussion ensued regarding the age of some of the infrastructure. Tony explained that this is driven by the plant needing to be upgraded and doing these projects takes some of the pressure off.

General discussion regarding private infiltration, the difficulty in identifying and/or removing private infiltration; and using smoke testing to find private infiltration.

Burr noted that the city has done Dyckman, so the next project is the Peterson drain, then the big one next year is Kalamazoo Street and it is in the budget; we are planned and budgeted through 2016. Dombos noted that when we do act on the SRF plan the DEQ may have something to say about how long we are drawing this out.

Discussion ensued regarding future projects being identified, especially for the SAW project, which Burr said we have to balance with the street replacement program.

Motion by Roberts, second by Winkel to adopt the SRF Project Plan as presented.

All in favor. Motion carried.

**12. Board will be requested to approve a consulting contract with Hubbell, Roth & Clark, Inc. for the WWTP Asset Management Plan.**

Huff outlined this in the staff report; it is tied to the National Pollutant Discharge Elimination (NPDES) permit which expired in 2013; in 2015 the city received DEQ approval of permit with new requirement to have an asset management plan in place.

Part of the work in the permit is to update the plant Operations and Maintenance Manual, which Huff noted has been included.

Dennis Benoit, Hubbell, Roth & Clark, Inc. Noted his firm is working with the Cities of Allegan, Petoskey and Hastings. Work for South Haven will be done from the Grand Rapids office with headquarters being in Brighton, Michigan.

Discussion ensued regarding how the Abonmarche work overlaps.

Motion by Winkel, second by Roberts to approve a recommendation to City Council to approve a consulting engineering contract with Hubbell, Roth & Clark, Inc. for the Waste Water Treatment Plant Asset Management Plan in the not-to-exceed amount of \$110,000.

All in favor. Motion carried.

**13. Board will be requested to approve a recommendation to City Council to award the following contracts for 2015 Electric Distribution Line Projects**

Halberstadt briefly reviewed the details of the projects within the Five (5) Year Plan. Huff explained that along St. Joe there used to be a transmission line; the project involves replacing poles with forty-five foot (45') poles overhead and Abonmarche will be helping with the public relations.

A. Kent Power

Motion by Roberts, second by ~~Wittkop~~ *Winkel* to award the contract for construction services to Kent Power, Inc. of Kent City, Michigan in the amount of \$216,641.13. Labor and materials are defined in the contract documents prepared by GRP Engineering.

All in favor. Motion carried.

B. Abonmarche

Motion by ~~Wittkop~~ *Winkel*, second by Roberts to award the contract for professional services for community outreach and communication to Abonmarche in the amount of \$5,500.

All in favor. Motion carried.

**14. Public Works Director Comments**

- A. Next regular meeting is scheduled for April 27, 2015.
- B. A Special Meeting is scheduled for Monday, April 13, 2015 at 4:00 p.m.

**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