

# Board of Public Utilities

## Regular Meeting Minutes

Monday, August 29, 2016  
4:00 p.m., DPW Conference Room  
1199 8<sup>th</sup> Avenue



City of South Haven

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

### 2. Roll Call

Present: Bob Burr, Barry Winkel, Bob Stickland

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

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

### 3. Approval of Agenda

Motion by Burr, second by Winkel to approve the August 29, 2016 Regular Meeting Agenda  
as presented.

All in favor. Motion carried.

### 4. Approval of Minutes for the Record

#### A. July 25, 2016 Regular Meeting Minutes

Motion by Burr, second by Winkel to approve the July 25, 2016 Regular Meeting Minutes as  
written.

Stickland questioned discussion on the pilings in the minutes.

A. Halberstadt suggested deferring discussion until item 8a. Black River Park Sewer, Pile  
Design on the agenda.

Stickland called the vote.

All in favor. Motion carried.

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

### REPORTS

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

- A. 2016 Billings – All Charges
- B. 2015 Billings – All Charges

Stickland questioned how fuel costs can change so dramatically in one month, with the last month fuel costs and adjustments being \$500,000 and this month they are a negative figure.

#### **7. Financial Reports**

- A. Electric Fund – Financial Statement, 2016 Fiscal Year End, Unaudited
- B. Water Fund – Financial Statement, 2016 Fiscal Year End, Unaudited
- C. Sewer Fund – Financial Statement, 2016 Fiscal Year End, Unaudited
- D. Electric Fund – Financial Statement, July 2016
- E. Electric Fund – Review of Percentage Billed
- F. Water Fund – Financial Statement, July 2016
- G. Water Fund – Review of Percentage Billed
- H. Sewer Fund – Financial Statement, July 2016

Hochstedler included June with all known adjustments before the auditors get here and noted she does not have the information for pensions, so that may change. Noted the difference over budget and that the budget figure is not that far off.

Stickland asked whether revenue is added to this when the books are closed out to which Hochstedler responded that all unbilled is in the figures presented. Burr noted that the target with the rate increase was to be at plus \$300 at the end of the year. Burr commented on the dramatic rise in the depreciation; Hochstedler noted we had a lot of capital last year and the estimate for the budget was low. Discussion ensued regarding the depreciation for next year.

Hochstedler noted that July's electric for the month is a negative figure; because of part of the July revenue going back to June there is a variance there. Also, not all of the electric (purchased power) is included so that will have to catch up next month. The amount purchased versus billed is a three million dollar difference which will catch up.

Burr asked about the adopted budget to which Hochstedler noted that this is what was in the council packet so she can change that any time. Noted she will take a look at her notes and could make an adjustment.

Stickland asked how one can have a negative capital outlay. Hochstedler said the capital outlay has to be taken off the income statement and capitalized so it is taken out of expenses and put it into assets at year end.

Stickland noted that losses are within range to which Hochstedler commented that the losses are all affected by the adjustment in the revenue at the end of the year, even the

variance on the water side. Burr pointed out this is just the first month so does not have a lot of relevance.

## **8. Response to Board Member Inquiries from July 25, 2016 Regular Meeting**

### *A. Black River Park Sewer, Pile Design*

Stickland asked about projected life for treated piles in muck to which Halberstadt commented that the whole sewer plant is built on timber piles, but noted that no specific life is listed. Hunter talked about digging up some timber piles that were over 100 years old, setting them aside to dry and they were still good hard wood.

Burr asked the depth of the cross piece which Halberstadt said is about eight to ten inches below the surface, but he assumes they will dig the trench first and put them in. Discussion ensued about boxing it in, dewatering systems, including filtering for this particular project. Hunter said they will remove enough water to be able to work with it. It was noted that the river crossing will be directional bored. There were also comments about down drains and surface friction.

### *B. Miscellaneous Questions*

Squirrel Guards were discussed with Stickland recommending that a guard be put wherever the squirrel could make contact and short it out. Halberstadt said it is probably good for staff to carry them in the trucks while Hunter noted staff only installs the guards when the lines are de-energized and commented, "We are doing something to keep squirrel outages from happening again."

Discussion ensued regarding trees, the number one cause of outages, with the city arborist doing a pretty good job at trimming the primary.

### *C. Albemarle Sludge Hauling Invoice*

Halberstadt said there was a question regarding how sludge hauling is billed and noted that invoices are generated by Dave Mulac at the Waste Water Treatment Plant. It was pointed out that Albemarle pays the majority of the cost of sludge hauling. Discussion ensued about Albemarle being the only pre-treatment customer which generates sludge hauling. Hauling is taking place and there have been no problems that Halberstadt is aware of.

## **NEW BUSINESS**

### **9. Board will be requested to recommend passage of a Resolution by City Council to become an associate member of the Michigan Public Power Agency.**

Halberstadt stated we have been acting as an associate member for a few years; they have some service committees that look at what type of project MPPA might be interested in. While Halberstadt does not think the city gets a whole lot out of benefit it is good to have MPPA as another resource for staff.

Stickland asked what they do for us to which Halberstadt responded that they have staff that is working on purchased power agreements; it gives staff a way to keep abreast of the market place and are available for assistance if needed.

Hunter said for some reason MMPA wants a certified resolution and Halberstadt noted it is because of some state law. The cost was considered negligible so membership is a staff decision. Halberstadt clarified that the city is an associate member and item is just asking to continue being an associate member.

Motion by Winkel, second by Burr to recommend passage of a resolution by City Council to ratifying and confirming our membership in the Michigan Public Power Agency.

All in favor. Motion carried.

**10. Board will be requested to make a recommendation of award for the North Shore Dr. and Monroe Blvd. Electric Line Rebuild Contract.**

Halberstadt explained there are road construction projects starting and if the city does not get Kent Power started those projects will not get finished. It was observed that it is more difficult to coordinate electric and road projects.

Discussion centered on the bid from Kent Power being high, timing of RFPs and the cost of the projects.

Motion by Burr recommending that Council award the North Shore Drive and Monroe Boulevard Electric Line Rebuild contract for \$466,871.44 to Kent Power, Inc. of Kent City, Michigan. Second by Winkel.

All in favor. Motion carried.

**11. DPW Director Comments**

One month down. Larry's been very patient and staff has been great. Looking forward to the start of the projects.

**12. Board Member Comments**

Winkel asked if Lakeshore Drive is going to be done to which Burr said it will be done by Memorial Day. Discussion ensued regarding what material will be used and the size of the drains. Halberstadt noted the drawings are still being worked on by Abonmarche and we will be reviewing the drawings before they go to bid.

Discussion ensued regarding the drains on Lakeshore Drive being designed for ten year storms or less. Halberstadt noted there has been some discussion regarding leaching ponds and drainage for them, adding that the issue is more a matter of a more aggressive maintenance schedule such as cleaning out the drains at least once a month. Maintenance, storm utility funds and the issues involved with being a lake front community were subjects of discussion.

Burr asked whether the hydraulic system on the bridge is failing to which Halberstadt responded that the people from the company that installed it came to look at it and they think it is something to do with the timing of the program and they are going to try to determine what they want to adjust next. At first it was thought that there was air in the cylinders; bleeding the air out of the cylinders was tried but there was not really that much air in them. Discussion ensued regarding whether the jerking motion will wear out the cylinder but the company representatives do not think so according to Halberstadt, who is hoping to get something resolved in the next couple of weeks.

### **13. Adjourn**

Motion by Burr, second by Winkel to adjourn at 4:51 p.m.

All in favor. Motion carried.

RESPECTFULLY SUBMITTED,

Marsha Ransom  
Recording Secretary