

Hillsdale Board of Public Utilities
Regular Meeting

October 10, 2017

The regular Hillsdale Board of Public Utilities meeting was called to order at the BPU Offices, 45 Monroe Street, Hillsdale, Michigan at 7:00 p.m. by Mr. Barry Hill, President to the Board.

Board Members Present: Mr. Barry Hill, President
 Mr. Bob Batt, Vice-President
 Mr. Eric Hoffman
 Ms. Lois Howard
 Mr. Chris Sumnar

Board Members Absent: None

Others present: Mike Barber, Director; Chris McArthur, Deputy Director; Bill Briggs, Water Distribution Superintendent/WWTP Supervisor; Chad Culbert, Electric Distribution Superintendent; David Mackie, City Manager; Stephen M. French, Secretary to the Board; Jeff Pugh, Fleis & VandenBrink; and Sam Bender, Fleis & VandenBrink.

MINUTES

Ms. Howard moved, supported by Mr. Hoffman, to approve the minutes of the September 12, 2017 regular meeting as presented. Motion carried unanimously by voice vote.

BILLS PAYABLE

Mr. Hoffman requested information on the payments to BS&A Software in the amount of \$9,700 and Doberman Technologies in the amount of \$8,160. Director Barber reported the payment to BS&A Software was the payment for the additional training that had been approved by the BPU Board at the July 11, 2017 meeting. Director Barber explained the Doberman payment included \$2,240 for the setup of the new Microsoft Surface tablets that were being used to track work orders, and \$5,920 for the monthly contract for IT support.

Director Barber then discussed the payment to Santander Leasing, LLC in the amount of \$226,737.14, which was for the annual lease payment for the AMI water meter program.

Moved by Mr. Sumnar, supported by Mr. Batt to approve the above September bills in the amount of \$462,101.91. Motion carried unanimously by voice vote.

MSCPA STATEMENT

Moved by Ms. Howard, supported by Mr. Sumnar, to approve the August MSCPA bill usage in the amount of \$824,988.39. Motion carried unanimously by voice vote.

JULY-AUGUST FINANCIAL REPORT

Mr. Hill requested that additional time at the November meeting be allotted to thoroughly review and discuss the financial reports, as Finance Director Bonnie Tew was unable to attend the current meeting. Mr. Hill voiced concern that the Water Fund balance and the checking account continued to show negative totals in each account. Mr. Hill encouraged other board members to submit any questions or concerns to Ms. Tew prior to the next meeting so a productive discussion could be held in regards to the financial reports.

DIRECTOR'S REPORT

1. Director Barber reported the City of Hillsdale had received an Infrastructure Capacity Enhancement (ICE) grant for the Garden-Mead-Vine-Rippon Street project scheduled to begin in early spring 2018. Director Barber discussed the improvements included in the project that would relocate problematic wastewater and storm sewer lines.
2. Director Barber reported the city's insurance carrier had settled the Townley v City Council for the City of Hillsdale, Hillsdale Board of Public Utilities et al lawsuit and noted no current BPU employees were have found to have embezzled funds as was alleged by Ms. Townley.
3. Director Barber also referenced his retirement notice that was included in the meeting packet. BPU Board members congratulated Director Barber on nearly 40 years of service to the BPU and for his excellent leadership of the utility for the past two years.

ACTION ITEMS

1. Wastewater System Improvements – Anaerobic Digester

Mr. Jeff Pugh and Mr. Sam Bender of Fleis & VandenBrink provided a status report on the repairs that were needed to the anaerobic digester. Mr. Pugh reported a thick rag layer had formed in the digester that precluded the tank from being thoroughly emptied and cleaned so that new equipment could be installed in the tank. Mr. Pugh estimated the project to clean the digester, replace the failing roof insulation, and make necessary repairs to the gas piping system would be \$470,000.

Mr. Pugh presented a report that detailed the accounting of contingency funds and the forecasted costs of the digester repairs. Mr. Bender stated the subcontractors had not yet provided price quotes for the digester repairs that included the installation of an access hatch, dewatering costs, and cleaning. Mr. Pugh reported the majority of the underground work for the entire project had been completed, which would reduce the likelihood of using a large portion of remaining contingency funds for the remainder of the project.

Mr. Hill stated some members of the board, BPU staff, and Mr. Pugh had met on multiple occasions to review options to the project recommendation. Mr. Hill stated a new digester tank was estimated at \$1.7 million, while the removal and subsequent replacement of the roof on the digester was also deemed to be cost prohibitive.

Extensive discussion was held in regards to the construction schedule and the numerous delays that had been experienced with the project. Mr. Pugh noted the project had been delayed for a variety of reasons that included nine (9) change orders and due to commitments made by the contractor for other projects in the area. Mr. Bender stated the original contract length was 600 days that began in December 2015; however, the change orders had pushed this date back. Mr. Bender stated the project's substantial completion date was slated for August 2018.

Mr. Pugh stated if the work to repair the digester was not performed, the city would lose the \$1,000,000 loan forgiveness that had been awarded by the Environmental Protection Agency (EPA). Mr. Pugh stated the city would also incur additional costs associated with the proper storage measures and additional waste transport that would be required if the repairs were not made to the digester.

Mr. Pugh finalized his comments by discussing concerns with issuing a separate contract for the digester repairs, which would be required if additional bond funding was required. Mr. Pugh stated the estimated costs would dramatically increase and the project schedule would be extended if the project was advertised for bid.

City Manager Mackie stated the staff had identified available funding in the Electric Fund that could be used as an inter-departmental loan for the project. City Manager Mackie stated the loan would be similar to the recent purchase of the city's fire truck, which had been funded through an interdepartmental loan with the Cemetery Perpetual Care Fund.

Mr. Sumnar moved, seconded by Mr. Batt, to approve a recommendation to install a hatch door access in the anaerobic digester and have the digester cleaned at an estimated cost of \$170,000. The motion also included authorization to have BPU Director Barber sign all change order documents as necessary for the project. By a voice vote, the motion passed with Mr. Hoffman in opposition.

DEPARTMENT PROJECT PROGRESS REPORTS

Deputy Director McArthur reported UIS and Wheeler World had begun the project to upgrade the controls on engine 5. Mr. McArthur also reported both engines were dispatched for a total of 72 hours without any major, operational issues.

Mr. Briggs reported staff continued to make strides in searching for water loss locations throughout the system. Mr. Briggs also reported the water and wastewater departments continued to meet monthly MDEQ levels.

Mr. Culbert reported lights had been installed near the Winona statute at Mrs. Stock's Park. Mr. Culbert also noted new street lights had been installed on North Manning and two of the three underground projects for the year were 90% complete.

BOARD MEMBER ROUNDTABLE

Mr. Sumnar commended BPU Director Barber for his many years of dedicated service to the utility.

Mr. Batt also thanked Director Barber for his dedication to the BPU and for his leadership during the past two years.

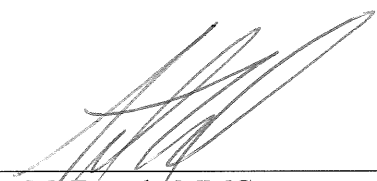
Due to scheduling conflicts, it was determined the next BPU Board Meeting would be held on Tuesday, November 21, 2017 at 7:00 p.m.

PUBLIC COMMENT

No public comments were offered

ADJOURNMENT

The meeting was adjourned at 8:55 p.m.



Stephen M. French, MMC
Secretary to the Board

MINUTES APPROVED: November 21, 2017