

Hillsdale Board of Public Utilities  
Regular Meeting

May 9, 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. Bob Batt, Vice-President to the Board.

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

Board Members Absent: None

Others present: Mike Barber, Director; Stephen M. French, Secretary to the Board; Scott Sessions, Mayor; Bill Briggs, Water Distribution Superintendent/WWTP Supervisor; Don Reid, Hillsdale Daily News, David Mackie, City Manager; and Bonnie Tew, Finance Director.

**MINUTES**

Mr. Sumnar requested the minutes from the April 11, 2017 meeting be amended to include the motion and vote that was made to approve the Electric Cost of Service Study and Rate Design Study.

Ms. Howard, supported by Mr. Hill, moved to approve the minutes of the April 11, 2017 regular meeting with the above addition requested by Mr. Sumnar.

Motion carried by unanimous voice vote.

**BILLS PAYABLE**

Mr. Sumnar questioned the payments to Doberman Technologies and Operation Roundup. Director Barber stated the payment to Doberman Technologies was for computer services that were previously paid to Nonik Technologies. Mr. Barber also reported the payments for Operation Roundup were for donations received from customers that were forwarded to the Community Action Agency for payment assistance for those in need.

Moved by Mr. Hill, supported by Mr. Batt to approve the above March bills in the amount of \$240,902.05.

Roll call:	Mr. Batt	Aye
	Mr. Hill	Aye
	Ms. Howard	Aye
	Mr. Sumnar	Aye

Motion passed 4-0.

Moved by Mr. Hill, supported by Mr. Sumnar, to approve the March MSCPA bill usage in the amount of \$722,667.67.

Roll call:	Mr. Batt	Aye
	Mr. Hill	Aye
	Ms. Howard	Aye
	Mr. Sumnar	Aye

Motion passed 4-0.

### **MARCH FINANCIAL REPORT**

Finance Director Tew noted the monthly financial report was included in the meeting packet. Ms. Tew stated the numbers in the report may change slightly as the software conversion project continued. Ms. Tew also reported the City Council had scheduled a public hearing for May 15, 2017 to receive public comments on the FY2018 budget, with final approval of the budget scheduled for June 5, 2017.

### **DIRECTOR'S REPORT**

1. Director Barber reported the demolition of the damaged clarifier at the wastewater treatment facility would be completed by the end of the week.
2. Director Barber also informed the Board of personnel changes that were being implemented in the coming week. Mr. Barber reported Bonnie Tew and Kay Freese would relocate their offices from City Hall to the BPU building. Mr. Barber stated that Ms. Tew would also become the Office Manager for the BPU, in addition to her duties as Comptroller and Finance Director. Mr. Barber also reported City Clerk French would be assigned duties as Secretary to the Board.
3. Director Barber announced the annual MSCPA meeting would be held at Olivia's Restaurant in Jonesville on July 12, 2017 at 5:00 p.m. Mr. Barber stated notices for the event for board members and staff would be distributed in the near future.

### **ITEMS**

#### **1. Election of Officers and Committee Appointment**

Mr. Sumnar, seconded by Ms. Howard, moved to approve the following officer appointments:

- Mr. Hill as Board President
- Mr. Batt as Board Vice-President
- Mr. French as Secretary to the Board

Roll call:	Mr. Batt	Aye
	Mr. Hill	Aye
	Ms. Howard	Aye
	Mr. Sumnar	Aye

Motion passed 4-0.

President Hill stated he would review the committee assignments and report back to the board at the June meeting.

**2. Board Member Replacement Recommendation**

Mr. Batt, seconded by Mr. Howard, moved to recommend the appointment of Mr. Eric Hoffman to the BPU Board of Directors. By a voice vote, the motion passed unanimously.

**3. Resolution 204: Honoring Duke Anderson for his years of service as a member of the Board of Directors**

Mr. Batt, seconded by Mr. Sumnar, moved to adopt Resolution 204 honoring Mr. Duke Anderson for his many years of service to the BPU.

Roll call:	Mr. Batt	Aye
	Mr. Hill	Aye
	Ms. Howard	Aye
	Mr. Sumnar	Aye

Motion passed 4-0.

**4. Update to Rules and Regulations: Deposit Structure Change**

Director Barber reviewed the current policy that established the deposit rates for new customers to the BPU. Mr. Barber stated an average, monthly cost for the specific address from the previous 12 months of service; then, the customer was assigned a "1" or "2" score, based on the customer's credit history. Mr. Barber reported the "1" would be an acceptable, higher credit score, while the "2" would indicate past late payments or outstanding balances to other utilities. Mr. Barber stated the deposit was calculated by multiplying the average monthly usage costs by the "1" or "2" credit score.

Director Barber stated the current deposit structure was problematic, as a previous tenant or home owner could have used significantly more electricity or water usage than the new resident, creating an unnecessarily high deposit charge. Mr. Barber also indicated the use of the "2" multiplier could generate deposit rates exceeding \$500-\$600.

Director Barber stated the new recommended deposit schedule would establish a set rate based on the customer's credit risk percentage using the ONLINE Utility Exchange portal. Mr. Barber presented the following amounts based on comparisons from other area utilities:

0.0% - 10.0%	No Deposit Required
10.1% - 25.0%	\$100.00
25.1% - 50.0%	\$175.00
50.1% - 75.0%	\$225.00
75.1% - 100.0%	\$400.00

Director Barber also reported that after 18-months, any accounts in good standing with no late fees or penalties with on-time payments, would have the deposit fees credited to the customer's account.

Mr. Hill questioned what was included in the BPU's current policy of returning customer's deposit payments. Mr. Barber stated deposit payments were returned to customers only after discontinued service. Mr. Barber stated he would review the current deposit payment policy and payment histories to determine if any accounts could be eligible for credit.

Mr. Sumnar, seconded by Mr. Batt, moved to recommend the City Council approve an update to the BPU Rules & Regulations involving the Deposit Structure Charges.

Roll call:	Mr. Batt	Aye
	Mr. Hill	Aye
	Ms. Howard	Aye
	Mr. Sumnar	Aye

Motion passed 4-0.

**5. South Street Water Tower Maintenance and Painting**

Director Barber stated staff had received bids for the preventative maintenance and repainting of the South Street water tower that had last been repainted in 1997. Mr. Barber indicated the low bid had been received from Seven Brothers Painting in the amount of \$266,400. Mr. Barber also reported the project would also include the installation of a mixer in the tower to improve water quality.

Mr. Barber recommended approval of a contract with Dixon Engineering in the amount of \$24,500 to provide project management and inspection services for the project.

Mr. Barber noted the project was included in the FY2018 budget; however, approving the contract prior to the new budget year would allow the construction project to be scheduled for later in 2017 and would lock-in the project costs.

Mr. Briggs stated the water tower would be placed out of service for approximately one month and the system would be regulated using the water tower in the Industrial Park.

Mr. Batt, seconded by Ms. Howard, moved to recommend the City Council approve a contract with Seven Brothers Painting in the amount of \$266,400 for the preventative maintenance and repainting of the South Street water tower; and, a contract with Dixon Engineering in the amount of \$24,500 to provide project management and inspection services for the project.

Roll call:	Mr. Batt	Aye
	Mr. Hill	Aye
	Ms. Howard	Aye
	Mr. Sumnar	Aye

Motion passed 4-0.

**DEPARTMENT PROJECT PROGRESS REPORTS**

Director Barber stated the cooling tower chemical injection system had been installed for the engine project at the power plant. Mr. Barber stated all of the applications had been to the MDEQ (Michigan Department of Environmental Quality) and the BPU would wait to order the necessary chemicals until the MDEQ approval is received. Mr. Barber stated the cooling towers should be operational by June 2017.

Director Barber stated the city had received quotes for the high-rise substation project and SSOE Group was reviewing the bid responses.

Mr. Briggs provided updated information on the construction of the new clarifier at the wastewater treatment plant. Mr. Briggs stated the work continued on the reconstruction of the solids building and noted the utility had not received any MDEQ violations throughout the past 60 days.

Mr. Briggs also reported on 70,000 gallons of debris that was left in the anaerobic digester that required clearing prior to the planned improvements. Mr. Briggs stated most of the debris were products that had been sent through the wastewater system and were not degradable. Mr. Briggs stated the accumulation of the non-degradable products would require the utility to expend in excess of \$100,000 to remove the debris from the digester. Director Barber noted the funding for the cleaning could be taken from the contingency monies allocated within the project and approved through a change order.

Director Barber reported the only electrical outage of note was in the Industrial Park area on April 8, 2017 most likely caused from a lightning strike.

Ms. Howard questioned the report of a leaking, iron service line. Mr. Briggs reported the line was on the customer side of the curb and would be the responsibility of the customer to replace. Mr. Briggs stated the utility included additives in the water system to limit the potential effects of lead or iron services lines.

Mr. Hill questioned if the BPU continued to investigate any potential water leak locations throughout the system. Mr. Briggs stated the potential leak detections had been centered on larger, commercial user connections although residential connections were reviewed as time permitted.

**BOARD MEMBER ROUNDTABLE**

Mr. Batt noted that of 68 delinquent utility bill liens, only 4 were commercial accounts and 64 were residential customers.

Mr. Batt and Mr. Hill both congratulated Director Barber and the BPU staff for the Excellency in Reliability Award that had been received from the American Public Power Association (A.P.P.A.)

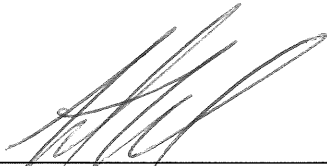
**PUBLIC COMMENT**

Mr. Briggs encouraged everyone to contact the BPU in the event of a power outage. Mr. Briggs stated that an outage could just affect one home, so the thought that someone else would call in the event of an outage would be a mistake.

**ADJOURNMENT**

Moved by Mr. Sumnar, supported by Ms. Howard to adjourn meeting. By a roll call the motion passed unanimously.

The meeting was adjourned at 7:57 p.m.



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Stephen M. French, MMC  
Secretary to the Board

**MINUTES APPROVED: JUNE 13, 2017**