

NORTHWEST OTTAWA WATER SYSTEM
Administrative Committee Minutes
August 15, 2018

A regular administrative committee meeting of the Northwest Ottawa Water System was called to order by Derek Gajdos, at 9:25 a.m., Wednesday, August 15, 2018 at the City Hall Council Chambers. On roll call, the following members were

present: Craig Bessinger (City of Ferrysburg), Bill Cargo (Grand Haven Township), Pat Staskiewicz (Ottawa County), Gordon Gallagher (Spring Lake Township) and Derek Gajdos (City of Grand Haven).

absent: Christine Burns (Village of Spring Lake)

also present: Joe VanderStel (City of Grand Haven) Eric Law (City of Grand Haven) and Wally Delamater

A motion by Bessinger, support by Staskiewicz to accept the minutes for May 16, 2018. The Motion was unanimously approved by voice vote.

VanderStel provided the manager's report in review of the May, June and July 2018 monthly operation reports. Pumpages overall were reported as being about 4 percent higher than last year at this time. Water quality remains consistent for this time of year.

Ending fiscal year up to this point shows that revenue is at 93% and expenses are at 76%. VanderStel directed NOWS members to the provided graphs and trends representing power and chemical usage through June. There are some indications that trends are improving with pumpage to power usage, although water demands will dictate how efficient the plant is performing.

All of the communities remain in compliance with the DBP's locational running annual average, which complements the total organic carbon (TOC) monthly analysis values. LT2 or Crypto testing up to this point remains below the minimum reporting level. This mandated analysis will end in September 2018. Some additional testing of algae or cyanotoxins at the plant has started since July in cooperation with the MDEQ. This was not required or regulatory analysis, the operating staff decided to determine if we are affected by toxic algae. Cyanotoxins will be a required parameter for the upcoming UCMR4. VanderStel provided electronic packet of photos showing the current results.

Law gave a positive summary of the energy credits that we received for both the VFD and LED projects, in which we max it out for this year and should receive money's to help offset these efficiency upgrades. Law also explained that the second phase of the LED project, at the Lake Pumping Station, will happen after the first of the year or closer to early spring to capitalize on the 2019 energy credit.

VanderStel provided a response from the GHBLP General Manager regarding power reliability and cost when the GHBLP and City Council decides to close the SIMS power plant on Harbor Island. In hindsight, rates will change for 2020, but unfortunately the GHBLP does not have that information at this time. It's *possible* that it could be more of a cost savings, based on reliability, sustainability and power diversification. Service and the structure of billing will still be determined by the GHBLP.

Both VanderStel and Law informed NOWS that we have had several inquiries about PFAS or PFC's, therefore staff and the City decided to test for it using an independent lab before the required MDEQ testing program. Staff will share those results when they become available.

VanderStel also provided everyone with updates to pumpages and trends forecasting water use. Staskiewicz commented that he was also working on some water demands and usage and is trending some of the peaks earlier than what was presented. Included are the fiscal year averages for chemical and physical parameters. This provides a very good picture of water quality and consistency.

VanderStel informed the NOWS members that Fluoride application has been suspended as staff is addressing some minor repairs to the bulk storage tank, due to an ongoing small coupling leak. Staff anticipates that it will be back on-line in September.

Item 1 Water Accountability – by Gajdos, Staskiewicz and VanderStel

Gajdos discussed this in reference to the memo dated August 6 including some supported information provided to City staff and in review of the city's water use compared to water billings. Master meters at the plant were found to have some minor inaccuracies and were addressed with VanderStel and Law. The water plant adopted an operating procedure to make those corrections. Those inaccuracies related to the City being under invoiced for water usage in 2016 and 2017. Staskiewicz used a procedure/estimate based from past master meter failures to determine the water use inconsistency. This difference will be corrected and the City will apply \$136,657.74 from the City's water distribution fund to the water plant fund. Staskiewicz suggested a systematic master meter audit and will investigate the Northside meters and Grand Haven Township meters. It has been already determined from field operating staff and plant operators some number inaccuracies with the meter station - meter head to the HMI (SCADA) system. Therefore, meter reads will be "actual reads" from the meter head at each station every month opposed to using the SCADA reads.

Item 2 Water Rate Discussion - by VanderStel

VanderStel commented on the annual water rate proposal that was provided by Jim Bonamy, the City Finance Director and the NOWS Committee decision to table any rate changes due to water accountability issues from the past May meeting. The committee was satisfied with the resolution of water meter inaccuracies and was willing to discuss the water rate at this time.

From Jim Bonamy's water rate consideration handout, there is a debt fund cash reserve and that the debt fund is fine, but operations and the cash position are decreasing. The proposed recommendations for fiscal year 2018-19 is to change nothing as represented as option 1, or to only increase operations by 2 cents as option 2. Option 3 takes into consideration of increasing the operations and the replacement fund by 2 cents. The replacement increase was to bolster the fund due to using reserves for the VFD project. Cargo comments that the replacement fund has good cash reserves and would not want to see an increase in that fund. Cargo suggested that the meter difference revenue coming from the resolved meter inaccuracies could be applied, if allowed by the City, to the operations fund, this amount is \$136,657.74. VanderStel will discuss this with Jim Bonamy to determine where these funds can be placed in accordance to the City's financial obligations. Gallagher suggested some slight increase to the operations instead of doing nothing. The committee agreed that option 2 would be a better fit at this time, but to only increase the operations fund by 1 cent.

A motion by Gallagher, support by Staskiewicz, to approve an increase in the operations rate fund of one (1) cent and retain the current rate structure for debt and the replacement fund. Also, to determine if the meter inaccuracy amount, under Ottawa County's Road Commission's (OCRC) estimated usage method, can be appropriated into the NOWS operations fund. In summary of the water rate, the breakdown will be Operations \$0.59, Debt \$0.23 and Replacement \$0.03 for a total wholesale rate of \$0.85 per 1000 gallons. On roll call vote, Ayes: Bessinger, Cargo, Gallagher, Gajdos and Staskiewicz. Nays: none. The motion was approved.

Item 3 Water Plant Reliability Study- by Staskiewicz

The MDEQ recommended that the water plant be included into a reliability study as it relates to the other communities being served in accordance to the last Sanitary Survey. Staskiewicz started the process to gather information working with VanderStel and FTC&H engineers. This process has fallen behind schedule with respect to getting study information from the other communities and dedicating

time to complete this task. NOWS agrees, as they have in the past, that a holistic approach to this would be appropriate with the inclusion of the plant. Comments to have FTC&H provide a proposal to complete all of the community's reliability studies including the water plant were thought to be reasonable. Cargo proposed to wait until 2020 as they are trying to complete an altitude valve project with one of their storage tanks and the township already completed a reliability study. In the meantime Staskiewicz implied if information or reports from Grand Haven Twp. and the City of Grand Haven are available, FTC&H could propose a limited or curbed water plant reliability study. Staskiewicz will create a dialog with FTC&H engineers.

Item 4 Other Business

No other business to bring to the table.

Adjournment

The meeting adjourned at 10:30 a.m.

Submitted by Joe VanderStel