

UTILITY ADVISORY BOARD

Thursday, April 17, 2014

8:00 a.m.

Grand Rapids Water Building, 1900 Oak Industrial Drive NE

AGENDA

1. Approval of Minutes – March 20, 2014 (attached)
2. Public Comment on Agenda Items
3. Update on Adding Add-to-Tax (Lien) amounts to 2014 Summer Tax Bills
4. Transformation Update
 - a. ESD Energy Efficiency Projects (attached)
5. Contract Awards for March, 2014 (attached)
6. Updates:
 - a. 3-1-1 / Customer Information System
 - b. Water Quality Consumer Confidence Report (media release attached)
 - c. Rate Review Sub-Committee (next meeting 4/25/14)
 - d. ACSET Eligibility Guidelines (under attorney review)
7. Items from Members
8. Next Meeting – Thursday, 15 - where?
9. Adjournment

Information Item: Caledonia Township Membership:

Richard Robertson, Township Treasurer (member)

Todd Boerman, Township Engineer (Alternate)

**Utility Advisory Board
March 20, 2014**

1. **Call to Order:**

The meeting was called to order by Eric DeLong, at 8:00 a.m. at Grand Rapids Water Office, 1900 Oak Industrial Drive, NW.

2. **Attendance:**

Members Attending:

Todd Boerman (alternate)
Eric DeLong
Geri Eye
Wayne Jernberg
Mike Lunn
Pam Ritsema
Breese Stam (alternate)
Joellen Thompson
Cathy VanderMeulen
Ron Woods
Josh Westgate

Others Attending:

John Allen
Nancy Meyer
Nicole Pasch

Members Absent:

Mark DeClercq
Brian Donovan
George Haga
Richard Robertson
Ed Robinette
Chuck Schroeder
Ben Swayze
Toby VanEss

3. **Approval of Minutes:**

Motion 14-03: Ron Woods supported by Joellen Thompson, moved to approve the minutes of the February 20, 2014, Utility Advisory Board meeting as presented. Motion carried.

4. **Public Comment:** There was no public comment.

5. **EMA Study Presentation**

Pam Ritsema introduced John Schiebold and Jeff Colson from EMA. They will be reviewing the recommendations and implementation implications.

Mr. Schiebold indicated that the overall goal is to improve effectiveness and efficiency, providing a high level of customer service at the lowest reasonable cost. A Baseline

Assessment was done in 2012. They have now identified potential future changes to help achieve long-range goals.

Accomplishments to date include:

- Effectiveness and efficiency gains through organization refinement
- Energy savings at WWTP
- Strategic approach to SCADA, providing long-term ongoing savings and improved capabilities

We are changing how we work from a customer mainframe technology to a COTS Solution with modern capabilities. It was challenging to extract data before. Data now supports decision and work processes; old work processes have been refined; the organization has been redesigned to support and improve ongoing operations; and inconsistently applied policies have been clarified, with updated policies consistently applied.

Cathy VanderMeulen asked how training was incorporated into this. Pam Ritsema indicated that there was a rather large staff of temporary employees used as the solution was being built and tested. Nicole Pasch noted that some of those temporary staff have now taken new positions within the system.

Future consolidations include:

- Combine LMFP and Coldbrook into single 24/7 operation
- Combine Water maintenance staff
- Combine operations and maintenance into single job function
- Share resources for specialized and/or overlapping functions

The new SCADA strategy and system will increase consistency, increase automation, reduce manual monitoring through instrumentation, provide mobile interface to increase operator efficiency, and enable future process optimization.

Implementation considerations include:

- Sensitivity to staff concerns about changes
- Existing internal and external policies and requirements
- Revising job descriptions
- Training and certification
- Changing work practices
- Shifting work externally

The future vision is optimized with a highly skilled and engaged workforce. Value added change is a way of business, not the outcome of a single project. There will be investments needed to do these things.

Eric DeLong indicated that a gap was identified early on and he wonders where we are on moving to close that gap. Mr. Schiebold indicated that they haven't looked closely at that yet. They have definitely moved forward, but he's not sure we had the exact right

answers when we started. Mr. DeLong said he thinks it would be good to verify that to demonstrate progress. The changes are evident, but we need some broad metrics to see where we are overall.

Cathy VanderMeulen asked about having to deal with the unions on this. How has this been received? Mr. Schiebold indicated that lots of interviews were done with staff from both unions. They are concerned about what all this means to them. He doesn't think they are overjoyed that this is happening. They are proud of what they do and this makes them nervous. Mike Lunn indicated that when the Operator/Maintainer was created, we had to work with the union on that and negotiated the pay level, etc. Training has been ongoing as well as these meetings with unions. Early on, there were some people that weren't interested in the classes that have become more interested now.

Ron Woods asked what level of staff they had talked to. Mr. Schiebold indicated that they had met with staff at all levels in order to get buy-in from everyone. Mike Lunn noted that Kathy Kuzawa has begun to contact citizens after they've had a backup to ask how our service was. That is working out well for us too.

Jeff Colson then briefly discussed the SCADA system. Currently, there are two different versions at Coldbrook and another version at the other sites. Two of the systems are no longer supported by the vendors. Our goal is to improve how the information is delivered to the operators as we make a change to a new system. This will provide opportunities to improve controls as well. The major obstacle will be the training and certifications that will be needed. The operator won't be monitoring the computer screen; the system will notify when an operator needs to take an action.

Eric DeLong asked how the system is safe guarded against power outages and for security. Mr. Colson indicated that there would be back-ups for the systems in place. He noted that it would actually be the same as it is now if communications connections are lost. Coldbrook would be able to see just what's happening at Coldbrook if the feed isn't coming from the LMFP. Joellen Thompson noted that at earlier times when we have lost power we have had to dispatch people out to check on various stations. We could always do that if needed. Mr. Schiebold noted that there will be a Standard Operating Procedure in place so staff are trained to run it manually as well.

6. Quarterly Financial Reports

Eric DeLong referred members to the reports provided in the meeting materials and distributed today. There were no questions from members.

7. FY2015 Preliminary Operating Budget Review

Water - Eric DeLong referred members to the report for Water that was provided in the meeting materials. Joellen Thompson reported that the first page is the revenue projection and reviewed it briefly. The next two pages are the expenditure budgets. She noted that members should pay attention to the notes on the right hand side. These explain the changes either up or down for these items. She noted that the costs included

for Cayenta may not all be needed. They think these costs will come in lower. John Schiebold noted that there are a limited number of people that know Cayenta so he thinks this is a good move to work with the vendor for these services.

Ms. Thompson indicated that energy savings are in the projections as well from planned projects. Eric DeLong asked about staffing changes. Ms. Thompson indicated that two supervisors left in the last 6 months from Field Staff. We moved the Meter Maintenance staff over from Coldbrook to the Oak Industrial Drive location recently so we now have a combined Field Staff of about 45. We need to have a leader of that group so we've created a Superintendent position and are in the process of filling that as well as the two vacant supervisor positions. We have also created a Planner/Scheduler position and have someone on Acting Assignment there now. This allows the supervisors to attend to their supervisory functions rather than having to focus on scheduling. The new positions were substituted for other positions so there was no overall increase in number of positions. Discussion took place regarding the need for cross training and flexibility in positions.

Cathy VanderMeulen asked about retiree health care going up substantially. Eric DeLong indicated that we are now fully funding the annual contribution.

Sewer – Mike Lunn referred members to the report provided in the meeting materials. They are projecting a 1.4% increase in revenues. The City expects to pay a larger share in FY15 for the GVRBA because Wyoming lost a customer so their loading went down. Mr. Lunn thinks this will come back into balance over the next couple of years. There are costs included here as well for the Cayenta changes. The overall budget is only about \$500,000 over last year even with all the large increases included.

Cathy VanderMeulen noted it looks like the longevity payments are gone now, and Mr. DeLong indicated that these have been negotiated out of contracts.

Eric DeLong noted that these budgets were reviewed by the City Manager and the review went well. We are trying to get to stability so the budget isn't fluctuating up and down each year.

Ron Woods asked about the \$4.8 million and whether it is from cash reserves. Mike Lunn indicated that this is all cash.

Joellen Thompson noted that management staff was more involved in the budgeting than they have been in the past rather than just relying so much on the Utility Financial Officer to do it. She felt it was a good experience for everyone and much was learned.

8. ACSET Eligibility Guidelines

Nicole Pasch reported that in the past we have changed the guidelines annually. We have now learned that these guidelines are actually part of the contract so we can't just change them without making a change to the contract or waiting until the contract expires at the end of the year. Staff are working with the City Attorney's office on this now. It was the ACSET Advisory Board that noted that the Guidelines were contractual. Their staff

were onboard with making the changes, but we just need to take a step back and do it properly.

9. Add to tax (Lien)

Nicole Pasch reported that staff have been processing the Add to Tax amounts as they become delinquent. They are interested in adding these to the Summer Tax Role for the first time this year. She wanted to make sure the UAB was aware of this and that there was no problem. By doing this, there won't be such a large amount added on the Winter Tax. She will prepare more information on the amounts and how it would impact each community. Eric DeLong asked that she also check the Partnership contracts to be sure that we can make this change within the contract. There will be an update on this next month.

10. Contract Awards for February, 2014

Breese Stam reviewed the one project on the list for February, 2014. There were no questions.

11. Updates:

3-1-1- Pam Ritsema reported that 311 is about ready to start taking calls for Environmental Services. We have talked with the County about joining us with 311, and they may be interested.

Rate Review Sub-Committee – Eric DeLong reported that the group has met once and will meet again next week. We are doing data collection at this point.

Annual Water Quality Report – Joellen Thompson reported that this report will start mailing on March 27. It will be mailed with the bills to avoid extra postage costs. She pointed out that opposite of the data table there is information on some violations that we have to report. They weren't related to any water quality issues. They were both related to errors in sampling methods. We have already instituted steps to correct this so this doesn't happen again. Eric DeLong asked Ms. Thompson to draft a news release for his review about the report and addressing the violations. He'd like to send it out prior to these starting to mail. He would also like the City Commission to get copies of this.

Ron Woods asked if we ever get any comments from citizens on these. Joellen Thompson noted that most of the comments are that we are wasting money on printing and mailing these and they don't want to get them anymore. There are not many comments about the content or the report at all.

12. Arbitrage Rebate and Penalties

Eric DeLong reported that a bond series was issued in 2005. We had two years to spend the proceeds and didn't spend them within the required time. In the meantime, we were investing the money and earned interest on it. The IRS audited this bond issue and found the discrepancy in spending. We did the calculation with our legal counsel. We had a principle amount of about \$340,000 and fines of about \$155,000 above that. The total

amount has now been paid. This does not impact the rates. The system did benefit from \$2,551,333.11 of interest earnings during this time. Controls are being put in place to audit these bond issues to ensure we don't get in this position again.

Geri Eye noted there are three areas to pay attention to in order to avoid arbitrage spending requirements: 1) staying within certain percentages at various times; 2) a yield comparison between the rate being paid on the bonds and the rate being earned on the unspent proceeds; and 3) keeping your debt service fund qualified. The Treasurer's office works on the last two items and the Utility Financial Office tracks spending.

Ron Woods asked if these proceeds were comingled with other proceeds. Geri Eye indicated that they are not. We maintain separate cash accounts for each bond sold.

13. **Items from members**

There were no items from members.

14. **Next Meeting**

The next meeting of the Utility Advisory Board is scheduled for Thursday, April 17 and will be held at the Grand Rapids Water Office, 1900 Oak Industrial Drive NE.

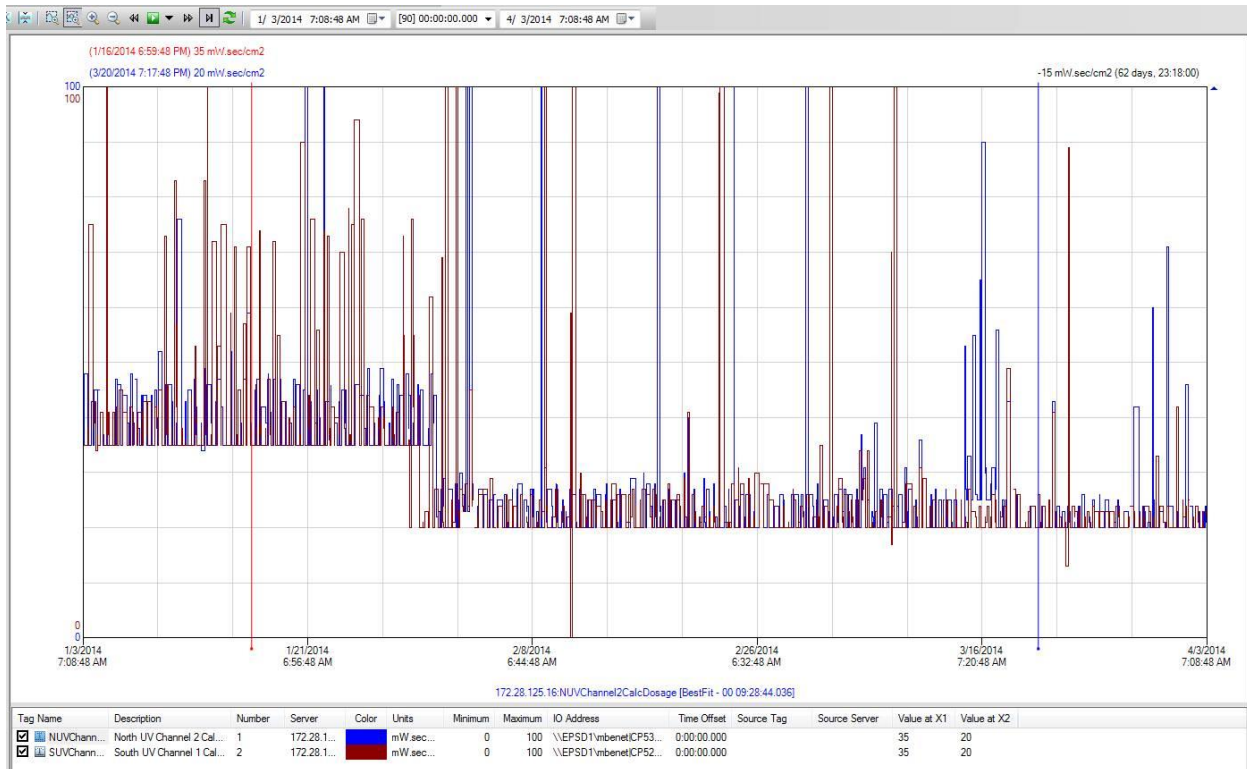
15. **Adjournment**

The meeting was then adjourned.

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ESD Energy Efficiency Projects - Update

Zero Angle Photo Spectrometer - About 10 weeks ago staff started lowering our Dosage of the UV ($\mu\text{Wsec/cm}^2$) to determine the actual required dosage. As a result it was lowered it to lowest possible setpoint. There has not been a need to raise the dosage since. It is suspected it is because the sewage is colder than normal $\sim 50\text{-}52$ degrees F. When the sewage warms up the UV dosage requirements will likely change and additional power will be required. A final rebate application was to be submitted to consumers by 4/28/14, however, they have agreed to extend the deadline 60 days to determine the actual temperature effect.



Outdoor Lighting – At the WWTP we are replacing a total of 270 outdoor Metal Halide and High Pressure Sodium lighting fixtures with LED fixtures of the same style. The LED fixture cost will be \$64,025 and we will be receiving \$10,608 from a Consumers Energy Rebate to help offset this cost. We have an estimated \$34,000 installation cost and an estimated savings of \$4,400 annual maintenance savings due to the expected 22 year life of the lamps. With an energy savings of \$10,454 per year, calculated at 9 cents per kW hour at 12 hours on time per day, our expected payback in this investment will be 5.9 years.

ESD Energy Efficiency Projects - Update

Tunnel Lighting – At the WWTP we are replacing a total of 126 indoor compact fluorescent lamps, located in the underground tunnel system, with LED lamps of the same style. The LED lamp cost will be \$1,884 and is not eligible for a Consumers Energy Rebate. We have an estimated \$640 installation cost, which should be more than offset by the annual maintenance savings due to the expected 3 year life of the lamps. With an energy savings of \$1,490 per year, calculated at 9 cents per kW hour at 24 hours on time per day, our expected payback in this investment will be 1.3 years.

Sewer Maintenance Garage Lighting – At the Sewer Maintenance Facility garage area we are replacing a total of 27 indoor 400 Watt High Pressure Sodium lighting fixtures with 128 Watt Fluorescent fixtures. The fixture cost will be \$2,084 and we will be receiving \$2,203 from a Consumers Energy Rebate to more than offset this cost. We have an estimated \$3,200 installation cost. With an energy savings of \$2,479 per year, calculated at 9 cents per kW hour and 60 hours on time per week, our expected payback in this investment will be 1.2 years.

**Water/Sewer UAB Report
March 2014**

Project Name	Contractor	Award Date	Substantial Completion Date	Final Completion Date	Water Fund Authorized NTE Amt	Sewer Fund Authorized NTE Amt	Est. Year for Rates	Integrated (Y/N)
Sanitary Sewer Stabilization at Various Locations-2013	Kamminga and	3/11/2014	6/27/2014	6/11/2014		\$ 511,085.00	2015	Non-Integrated



MEDIA RELEASE

For Immediate Release
April 1, 2014

Contact: Joellen Thompson
Water System Manager
616-456-4238

Grand Rapids Water System Issues Annual Water Quality Consumer Confidence Report

“Today we are announcing the availability of the 2013 Consumer Confidence Report which provides water quality information as required under the Federal Safe Drinking Water Act,” said Joellen Thompson, Water System Manager. The report details the results of water quality monitoring, by certified chemists, January through December 2013.

“In this year’s report, we self-report two procedural violations that occurred in 2013. These violations involved the manner in which we collected and analyzed water samples,” said Joellen Thompson. Grand Rapids staff worked closely with the Michigan Department of Environmental Quality to quickly resolve the violations and establish countermeasures to prevent such future procedural variances.

The first monitoring violation is related to measuring the level of phosphate in drinking water. 12 of the 368 in-plant samples (3.3%) tested below the required levels. Thompson explained, “Phosphate feed rates at the Lake Michigan Filtration plant were within parameters and continuously functioning. Additionally, lead and copper sampling at customer’s taps was well below regulated levels during this period. This indicates that there is no reason to believe system phosphate levels dropped below that required for protection from lead and copper corrosion,” said Thompson.

The second monitoring violation is related to the timing of completion of annual and tri-annual testing that measures Partial Chemistry (Nitrate/Nitrite), Synthetic Organic Contaminates (SOC) (Pesticides, Herbicides, and Carbamates) and Volatile Organic Contaminates (VOC.) Thompson explained that, “While these samples were collected approximately 45 days late, all results met regulatory limits and requirements. Based on prior year’s results, there is no reason to believe there would be different conditions at an earlier sampling date.”

“At no time during the year has our water failed to meet water quality parameters set by the EPA,” said Thompson. “Grand Rapids Water is of the highest quality, is safe and has been safe to drink. We did experience monitoring violations. Subsequent compliance samples demonstrated that our water met quality parameters.” Thompson continued, “We have taken the appropriate corrective measures in cooperation with the DEQ to prevent these sampling errors from occurring in the future.”

More information is contained in the Consumer Confidence Report. The report will be mailed to all residential and commercial water system customers beginning April 1st, 2014. In addition, businesses, employees, renters, residents and other interested parties are encouraged to contact Grand Rapids Water System Customer Service Office at 456-3200 or email watercs@grcity.us to request additional copies of the report. The report is also posted on the City’s website at www.grcity.us .

The City of Grand Rapids is a regional provider of water to a number of municipalities in Kent and Ottawa counties, serving a population of over 300,000 and covering a service area of 137 square-miles.

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