

UTILITY ADVISORY BOARD
Thursday, November 9, 2023
8:30 – 9:30 am
1300 Market Ave SW
AGENDA

1. Approval of Minutes – October 19, 2023
2. Public Comments on Agenda Items
3. Approval of Agenda
4. 2023 Rate Study Presentation – Tai Verbrugge
5. Updates
 - a. Water/Sewer Legislation –James Hurt
 - b. October Awards – Jeff McCaul
 - c. Biodigester – Jared Grabinski
6. Public Comments
7. Items from Members
8. Next Meeting – December 21, 2023
9. Adjournment

UTILITY ADVISORY BOARD
Thursday, October 19, 2023
8:30 – 9:30 am
MINUTES

Call to Order

The meeting was called to order by Mr.Hurt at 8:33 a.m.

Members Present

Tai Verbrugge, Sam Giffel, Wayne Jernberg, James Hurt, Doug LaFave, Julius Suchy, Jeff McCaul, Darrel Schmalzel, Mark Bennett, Alex Fleet, James Ouzts, Tiffany Berry, Jared Grabinski, Brad Boomstra, Aric Thorne, Molly Clarin

Others Present

Jenessa Carter (Crowe LLP), Kurt Anderson (City of GR), Andrew Meyer (City of GR), Brian Bradley (City of GR)

Approval of Minutes – October 19, 2023

Approval of minutes by Mr.Jernberg and second by Mr. Schmalzel.

MOTION CARRIED.

Public Comments on Agenda Items

None

Approval of Agenda

Approval of agenda by Mr.Suchy and second by Mr. Jernberg.

MOTION CARRIED.

Introduction of Environmental Services Manager & Utility Financial Officer

Mr. Hurt informed the board that Mr. James Ouzts, the Lake Michigan Filtration Plant Superintendent, has been promoted to Environmental Services Manager. Mr. Ouzts introduced himself to the board, and he looks forward to working with the partner communities.

Additionally, Mr. Tai Verbrugge has been promoted to Utility Financial Officer. Mr. Verbrugge will be overseeing the finances for the sewer and water system and rate study.

Fiscal Year 2023 Preliminary Financials

Mr. Verbrugge presented the preliminary fiscal year 2023 financials to the board. FY2023 revenue for the Water System is \$57.3 million, and total expenditures equal \$31.9 million. Total net income equals \$25.5 million, a \$2 million increase from the previous year. In FY2023, retail and wholesale revenue increased by \$3.7 million due to higher water usage. Another factor increasing revenue is the interest rate collected due to higher interest rates. The factors influencing expenditures are personnel, supplies, and other services and charges. Water volume for FY2023 is up by 3.24% from the previous fiscal year, and the three-year average is up by 3.22%.

FY2023 revenue for the Sewer System is \$70 million, and total expenditures equal \$34.9 million. Total net income equals \$35.4 million, a \$300k increase from the previous fiscal year. The City received \$3 million of RINS credit revenue from the Biodigeter. The billed volume also increased for the Sewer System, and high interest rates are driving revenue. The factors influencing expenditures are personal, supplies, and capital outlay. Sewer volume for FY2023 is up by .88% from the previous fiscal year, and the three-year average is up by .70%.

Mr.Verbrugge noted that the front footage fees are down for both systems due to a decline in private developments. Mr. Schmalzel thanked the City of Grand Rapids team for working with DTE and the State on the RINS credits. He acknowledged that it has been a long process, but he is pleased that revenue is being obtained.

The October agenda includes a breakdown of water and sewer billed volume by partner community from FY2019 – FY2023. The water debt profile totals \$112.3 million and \$273.6 million for sewer. As of June 30, 2023, \$18.46 million (\$4.5 million integrated assets) in water assets are online, and \$13.6 million (\$12.3 million integrated assets) for sewer assets.

On November 3rd, the preliminary Rate Study will be available, and the 30-day review period will begin. Mr. Verbrugge is scheduled to present the Rate Study to the board on November 9 and City Commission on November 14. Final City Commission approval for the 2023 Rate Study is scheduled for December 12.

Add-to-Tax (ATT) Winter Tax Option

The winter Add-to-Tax last day for payment is October 27. On November 1, 2023, the debt will be transferred to the partner community account, and the official certification list will be sent along with a bill for the community ATT debt. The attached memo lists the number of accounts and dollar amount eligible for ATT per partner community.

For questions, please contact Mrs. Giffel by email at sgiffel@grcity.us or call 616.456.4531.

2023 Water Rate Study Task 30

Mrs. Giffel presented Task #30 to the board. The Utility Business Office requests a 3.677 percent increase for monthly fire protection, a 7.14 percent increase for meter installation and service on/off requests, and a 31 percent increase for 3" meter replacements. Other miscellaneous fees that are increasing are engineering fees that align with resource requirements and cost recovery. Please see the agenda for a breakdown of the fee increases.

Mr. Hurt asked why the 3-inch meters increased by 31 percent. Mrs. Giffel said that the cost increase is associated with vendor cost increases and supply chain issues.

Kent County Community Action (KCCA) Contract Renewal

Mrs. Giffel presented the KCCA contract renewal for January 1, 2024 – December 26, 2026. The agreement provides KCCA with 12.5 percent of the penalty fees revenue collected to support customers with financial assistance with their water/sewer utility bills. Changes to the new contract include:

- Distribution of program marketing materials will not be limited to bill inserts.
- Assistance may be provided to clients who may not have the bill in their name but are responsible for the usage.
- Applicants must be delinquent but not necessarily in shut-off status.
- Assistance may be provided up to \$500 per program year for clients at or below 200% of the federal poverty level.

Mr. Jernberg asked what Mrs. Giffel expects the annual assistance to increase due to the contract changes – she expects an increase of \$25k. However, due to other available assistance programs, not all of the funding has been tapped into.

Motion to approve the Kent County Community Action Contract Renewal by Mr. Jernberg, second by Mr. Bennett.

Updates

Water/Sewer Legislation

Mrs. Giffel informed the board that she has been involved in various meetings with Senator Chang, water providers across the state, local government officials, clean water advocates, environmental groups, and community action agencies to develop affordability bills that would fund a statewide water affordability program, shutoff protection, and tenant protections. The bill creates a low-income affordability program within DHHS to ensure that water bills for low-income households (under 200% of the Federal Poverty Limit) do not exceed 3% of that household's income. Additionally, the bill creates a Low-Income Water Affordability Fund; the

funding source would be a \$2/meter monthly fee on water bills that community water systems would collect, but MDHHS would administer the funds.

Additionally, the bills would create shut-off protections for Michiganders whose health conditions require access to water, and water reconnections would be decriminalized.

Mr. Jernberg commented that he's had discussions with Mrs. Giffel regarding the bills. He does not agree with the funding formula, and it is not equitable for other communities across the state. Other partner communities agree. Mrs. Giffel added that affordability is important, and what happens on the east side of the state affects all of the communities in the state. Hearings are scheduled to occur soon, but she does not know when the bills will be voted on.

Mr. Hurt asked Mrs. Giffel to give the board a heads-up on the bill's progress.

Kent County Community Action Quarterly Update

Mrs. Giffel updated the board on the assistance program. Year-to-date, \$58K has been expended, and \$94k of funding remains. Approximately 159 households have been assisted, and the average assistance is \$331.

August Awards (No Awards for September)

Three projects were awarded in August 2023. The first is for the Reconstruction of State Street; the project costs \$414k for water assets and \$278k for sewer assets. The project was awarded to Kamminga & Roodvoets. The second project is for the façade repairs and improvements at the Lake Michigan Filtration for \$201k; the project was awarded to McGraw Construction. The third project is for the Ash Lagoon Closure and Stormwater Pump Station Improvement at the WRRF for \$17 million; the project was awarded to HIS Constructors.

No awards for the month of September.

2023 Lead and Copper Sampling

The Lake Plant's lab staff has completed the lead and copper sampling period for 2023. The official results will not be available until the end of the year, but the preliminary 90th percentile for lead is eight parts per billion.

Biodigester – Jared

Mr. Grabinski thanked his staff for their continued work on the biodigester. However, there are still outstanding items that need to be completed before the project is complete. The pumps that were ordered last year are now installed. Staff continues to have start-up issues with the phosphorus recovery. Lab testing will occur to analyze the areas of the plant where phosphorus is being collected in the pipes.

Public Comments

None.

Items from Members

Mr. Anderson said he is meeting with industry contacts to educate them on the pretreatment program. What came up at the meeting was how the rate study affects their bills. Currently, the permit fee for industrial users is \$400 annually, but the preliminary rate study proposes a \$1,000 fee. He has not received any feedback from industrial users but wanted to inform the board.

Mr. Fleet said that budget season is approaching, and he will need capital project requests from partner communities. He will be sending an email to partner communities in the near future.

Next Meeting – November 9, 2023

Adjournment

The meeting was adjourned at 9:42 a.m. by Mr. Hurt.

**Water/Sewer UAB Report
October 2023**

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)
Replacement of Private Lead Service Lines at VARIOUS LOCATIONS - Contract 2023-4	SPS Pro Plumbing	10/24/23	6/28/24	7/15/24	\$ 717,800.00	N/A		