

DOWAGIAC CITY COUNCIL MEETING

Monday January 13, 2014

A regular meeting of the Dowagiac City Council was called to order by Mayor Donald D. Lyons at 7:00 p.m.

Mayor Lyons led the Pledge of Allegiance to the flag.

PRESENT: Mayor Donald D. Lyons; Mayor Pro-Tem Leon D. Laylin; Councilmembers Charles K. Burling, Randall G. Gross, Sr., Lori A. Hunt and Bob B. Schuur.

ABSENT: Councilmember James B. Dodd

STAFF: City Manager Kevin P. Anderson and City Clerk James E. Snow.

Councilmember Laylin moved and Councilmember Hunt seconded that the minutes of the December 9, 2013 meeting and the minutes of the December 16, 2013 Special Meeting be approved.

Approved unanimously.

COMMUNICATIONS

1. Martin Luther King, Jr. Day Celebration, January 19, 2014

Councilmember Hunt moved and Councilmember Gross seconded to grant the request.

Approved unanimously.

APPOINTMENTS

1. DART- Recommended by Mayor and offered by Mayor Pro-Tem:
Appoint Peggy Hood to fill Donna Korzun's expired term of May 2016.

Councilmember Schuur moved and Councilmember Burling seconded to approve the Mayor's appointment.

Approved unanimously.

DISCUSSION

1. Motion to accept the 2012-2013 audited Financial Statements and place on file.

Kristi L. Watson, CPA, YEO & YEO CPAs & BUSINESS CONSUTLANTS presented to Council a Summary of the City of Dowagiac Audit Results, September 30, 2013.

DOWAGIAC CITY COUNCIL MEETING

Monday January 13, 2014

Page Two

CITY OF DOWAGIAC

MEMO TO: Mayor and Council Members

FROM: Kevin P. Anderson, City Manager

DATE: January 10, 2014

SUBJECT: Financial Statements

The auditors completed their work and presented the final audit for FY 2012-13. A copy is attached for your review. The auditors will be present to review the financial statements with you and address any questions you may have. The auditors have reported that our financial statements and procedures comply with good accounting practices and law.

The audit is an independent review of the City's financial position and recordkeeping. Council's action is to accept the report and make it part of the City's records. The audit report is available for public review in the Clerk's office or on the City's website.

ADOPTED unanimously.

Moved by: Laylin

Seconded by: Burling

Ayes: Five (5)

Nays: None (0)

Absent: One (1)

Abstain: None (0)

RESOLUTIONS

1. Resolution to authorize and direct the City Treasurer to pay the following bills an payroll due:

Councilmember Schuur offered and moved the adoption of the following resolution; seconded by Councilmember Gross.

DOWAGIAC CITY COUNCIL MEETING

Monday January 13, 2014
Page Three

WHEREAS, the following information has been reviewed by the City Manager and City Treasurer and is being presented to City Council with a recommendation to approve invoices and payrolls #6, #7 and #8 for the period ending 1/9/14:

Invoices:	\$1,347,589.16
Payroll #6:	120,258.35
Payroll #7:	178,424.72
Payroll #8:	125,677.79
Total:	<u>\$1,771,950.02</u>

BE IT RESOLVED that the City Manager and City Treasurer are hereby authorized and directed to pay the following bills and payroll due:

<u>Invoices</u>	<u>Payroll</u>	<u>Total</u>
\$1,347,589.16	\$424,360.86	\$1,771,950.02

ADOPTED on a roll call vote.

Ayes: Five (5) Burling, Gross, Hunt, Laylin and Schuur

Nays: None (0)

Absent: One (1) Dodd

Abstain: None (0)

ORDINANCES

1. First reading of an ordinance to amend Chapter 82, Article V, "Electric Provisions and Rates", Section 82-279, "Electric rates" of the Dowagiac City Code.

ORDINANCE NO. _____, 2014

ORDINANCE-----

AN ORDINANCE TO AMEND CHAPTER 82 UTILITIES ARTICLE V "ELECTRIC PROVISIONS AND RATES" SECTION 82-279 OF THE DOWAGIAC CITY CODE BE AND IS HEREBY AMENDED BY ITS REPEAL OF THE DOWAGIAC CITY CODE.

THE CITY OF DOWAGIAC ORDAINS:

Section 1: That Chapter 82, Utilities; Article V, "Electric Provisions and Rates", Section 82-279 of the Dowagiac City Code be and hereby is amended to read as follows:

DOWAGIAC CITY COUNCIL MEETING

Monday January 13, 2014

Page Four

ARTICLE V. ELECTRIC PROVISIONS AND RATES.

Sec. 82-279. Electric rates.

(a) *Residential Electric Service.* Available to customers desiring service for all usual domestic purposes through one meter to a single occupancy or individual dwelling unit. This rate is not available for commercial or industrial use.

(1) Nature of Service: Alternating current, single-phase, three wire, 60 Hertz, at approximately 120/240 volts.

(2) Monthly Rate:

Monthly Service Charge (Minimum Monthly Charge)	\$11.45
Energy Charge per kWh	\$ 0.09961

This rate is subject to the transmission cost adjustment charge.

(b) *General Service.* Available to general service customers not specified in other City rate schedules, with normal monthly maximum demands less than 35 Kw, desiring service for general lighting and/or power purposes. Customers may continue to qualify for this service under this rate until their 12-month average demand is greater than or equal to 35 Kw.

(1) Nature of Service: Alternating current, single-phase, three wire, 60 Hertz, at approximately 120/240 volts. The particular nature of the voltage in each case will be determined by the Department of Public Services (DPS).

(2) Monthly Rate:

Monthly Service Charge (Minimum Monthly Charge)	\$17.76
Energy Charge per kWh.	\$ 0.12597

This rate is subject to the transmission cost adjustment charge.

(c) *PUBLIC SERVICE.* Available to all Federal, State, and Local Governmental authorities for the supply of electric energy to public buildings, public schools, or other facilities that are supported by public tax levies.

(1) Nature of Service: Alternating current, 60 Hertz, single-phase or three-phase. The particular nature of the voltage in each case will be determined by the DPS.

(2) Monthly Rate:

DOWAGIAC CITY COUNCIL MEETING

Monday January 13, 2014

Page Five

Monthly Service Charge (Minimum Monthly Charge)\$14.09
 Energy Charge per kWh\$ 0.11895

This rate is subject to the transmission cost adjustment charge.

* Public School System customers at a single location with loads in excess of an average of 300 kW demands over a 12-month period can be provided service under the Large General Service Rate. (The 12-month period can be excluded for new public school facilities with expected demands in excess of 300 kW)

(d) *MUNICIPAL WATER SERVICE*. Available to all municipally owned and operated waterworks systems and sewage disposal systems, including booster pumps and lift stations.

(1) Nature of Service: Alternating current, 60 Hertz, single-phase or three-phase. The particular nature of the voltage in each case will be determined by the DPS.

(2) Monthly Rate:

Monthly Service Charge (Minimum Monthly Charge)\$15.27
 Energy Charge per kWh\$ 0.10114

This rate is subject to the transmission cost adjustment charge.

(e) *LARGE GENERAL SERVICE*. Available to any general service customer having a demand of 35 KW or more for general lighting and power purposes. Customers may continue to qualify for this rate until their 12-month average demand drops below 35 kW. This rate is available to public school system customers at a single location with demands in excess of 300 kW over a 12-month period.

(1) Nature of Service: Alternating current, 60 Hertz, single-phase or three-phase for both primary and secondary services. The particular nature of the voltage in each case will be determined by the DPS.

(2) Monthly rate:

	per kwh	700,000	550,000	400,000	250,000	100,000
<u>LGS</u>						
Monthly Service Charge		\$ 119.80				
Demand Charge per KW		\$ 14.30	\$ 13.98	\$ 13.65	\$ 12.99	\$ 12.66
Energy Charge per kWh		\$0.06064	\$0.05932	\$0.05790	\$0.05515	\$0.05372

LGS Discount (Eq
 supplied by Customer)

DOWAGIAC CITY COUNCIL MEETING

Monday January 13, 2014

Page Six

Monthly Service Charge	\$ 146.82				
Demand Charge per KW	\$ 13.29	\$ 12.98	\$ 12.67	\$ 12.07	\$ 11.76
Energy Charge per kWh	\$0.06003	\$0.05861	\$0.05718	\$0.05444	\$0.05311

*LGS Discount Rate (Equipment supplied by Customer):

Available to customers who furnish and maintain complete substation equipment, including any and all transformers, and/or switches, and/or other apparatus necessary to take entire service at primary distribution voltage.

(3) Monthly Billing Demand:

Energy supplied hereunder will be delivered through not more than one (1) single-phase and/or one (1) poly-phase meter. Customers demand shall be taken monthly to be the highest registration of a fifteen (15) minute integrating demand meter or indicator, or the highest registration of a thermal-type meter.

(4) Power Factor Adjustment (PFA):

Customers with a monthly maximum demand of 100 kW or more will be subject to a power factor adjustment. The PFA is based on the maintenance by the customer of an average monthly power factor of 85%. If the average monthly power factor, as registered by the City's metering devices, is other than 85%, the monthly demand charge will be multiplied by a constant as determined by the following formula:

$$\text{Constant} = .9510 + ((.1275) \times (\text{RKVAH/kWh})^2)$$

Customers with a PFA will have their demand charge accordingly debited or credited and shall continue with the PFA until their 12-month average demand drops below 100 kW.

(f) *SECURITY LIGHTS*. Available to all customers desiring security light (yard light) service providing application is made and a "Protective or Yard Light Agreement" is signed by the customer.

Monthly Rate:

175 Mercury Vapor.....	\$12.66
250 Mercury Vapor.....	\$15.60
400 Mercury Vapor.....	\$23.56
1000 Mercury Vapor.....	\$48.55
150 High Pressure Sodium	\$12.66

DOWAGIAC CITY COUNCIL MEETING

Monday January 13, 2014

Page Seven

400 High Pressure Sodium \$35.98

(g) *TRANSMISSION COST ADJUSTMENT CHARGE (TCA)*. The current electric rate charged to customers includes a base amount for transmission services. With the formation of the Independent System Operator additional ancillary service charges are billed to the City of Dowagiac. Ancillary service charges can vary each month and can be difficult to predict with certainty. To ensure customers are charged the cost of service and the financial integrity of the electric system is maintained, charges for “ancillary” transmission services will be passed through to customers through a Transmission Cost Adjustment Charge (TCA) based on the formula listed below:

Example Formula for Transmission Cost Adjustment (TCA)

	Example Calculation	Line	Notes
Transmission Costs	\$27,078.18	A	Ancillary service charges for transmission
Reconciliation from Previous Month		B	The City may periodically reconcile transmission recovery with rates
Total Transmission Costs to be Recovered	<u>\$27,078.18</u>	C	(A+B)
Divided by kWh Purchased	6,450,000	D	Actual kWh energy purchased by City
Transmission costs per kWh	\$0.004198	E	Transmission cost per kWh (C/D)
Less Base TCA	0.00238	F	Base TCA
Transmission Adjustment per kWh	0.00182	G	Transmission costs per kWh less base (E-F)
Losses	<u>0.00013</u>	H	Transmission costs per kWh times loss factor of .07 (G X .07)
Transmission Cost Adjustment	<u>0.00195</u>	I	Transmission cost adjustment charged to customer on next month's bill (G+H)

(h) *ECONOMIC DEVELOPMENT RATE*. In an effort to promote job creation, community investment and long-term electric rate stability, the City Manager shall be empowered to establish a temporary economic development rate for large utility customers for a period of up to six (6) months. The rate cannot be less than the City’s actual cost to purchase power plus 10%. The justification will be based on a combination of factors including job creation and/or job retention and new investment in the community consistent with the criteria for tax abatements. Once a large utility customer has received this temporary rate, it shall not be eligible for the economic development rate for three (3) years. The City Manager shall document the rationale and communicate the rationale to City Council.

DOWAGIAC CITY COUNCIL MEETING

Monday January 13, 2014

Page Eight

(i) *ENERGY OPTIMIZATION RATE (EOP)*. Pursuant to requirements imposed by the State of Michigan and authorized by the Michigan Public Service Commission the following energy optimization rates shall be in effect:

Residential meter.....	\$.002 per kwh
Secondary meter.....	\$ 15.66 per meter per month
Primary meter.....	\$474.02 per meter per month

(j) *FUEL ADJUSTMENT CHARGE*. Bills will be increased or decreased to offset fuel charge adjustments billed to the City by the supplier. Whenever the energy charge of the wholesale purchased power invoice to the City contains a fuel adjustment debit or credit per kwh, there shall be a corresponding increase or decrease per kwh for all kwh included in the customer’s billing.

Section 2: That pursuant to the provisions of Chapter 1, Section 1-4 of the Dowagiac Charter and due to the length of this Ordinance, the Dowagiac City Clerk be and is hereby directed to forthwith cause posting and publication of this Ordinance on the bulletin board of the Dowagiac City Hall, the same being the usual place of posting for the actions of the City Council.

Moved by: Burling

Seconded by: Laylin

This being the first reading, the Ordinance will be brought before the Council for a second reading and vote at the regular meeting on January 27, 2014.

2. First reading of an ordinance to amend Chapter 82, Article IV, “Water and Sewer Rates”, Section 82-224, “Sewer rates and service fees” of the Dowagiac City Code.

ORDINANCE NO. _____, 2014

ORDINANCE-----

AN ORDINANCE TO AMEND CHAPTER 82 UTILITIES ARTICLE IV "WATER AND SEWER RATES" SECTION 82-224 "SEWER RATES AND SERVICE FEES" SUBSECTION (1), (2), (4) AND (5) OF THE DOWAGIAC CITY CODE BE AND IS HEREBY AMENDED BY ITS REPEAL AND THE ADOPTION OF A NEW ARTICLE IV "WATER/SEWER PROVISIONS AND RATES" SECTION 82-224 "SEWER RATES AND SERVICE FEES" SUBSECTION (1), (2), (4) AND (5) OF THE DOWAGIAC CITY CODE.

THE CITY OF DOWAGIAC ORDAINS:

DOWAGIAC CITY COUNCIL MEETING

Monday January 13, 2014

Page Nine

Section 1: That Chapter 82, Utilities; Article IV, "Water and Sewer Rates" Section 82-224 "Sewer rates and service fees" of the Dowagiac City Code be and hereby is amended to read as follows:

ARTICLE IV. WATER/SEWER PROVISIONS AND RATES

Sec. 82-224. Sewer rates and service fees.

Charges for sewer service to each premise connected to the sewer system of the City of Dowagiac shall be as follows:

- (1) *Readiness-to-serve charge.* The readiness to serve charge is utilized to cover expenditures to maintain the sewer collection system and other overhead costs and is the amount of the minimum bill. This charge is based on the actual size of the water meter or equivalent size of a sewer meter:

Inside the corporate Limits of the city

Readiness-to-Serve Charge

<i>Meter Size (inches)</i>	<i>Monthly Charge</i>
5/8	\$ 13.85
3/4	15.85
1	20.23
1-1/2	25.82
2	41.60
3	158.51
4	204.45
6	301.17

Outside the Corporate Limits of the city

Readiness-to-Serve Charge

<i>Meter Size (inches)</i>	<i>Monthly Charge</i>
5/8	\$ 21.60
3/4	24.61
1	31.37
1-1/2	40.10
2	64.56

DOWAGIAC CITY COUNCIL MEETING

Monday January 13, 2014

Page Ten

3	246.43
4	312.32
6	467.26

When more than one (1) meter is used, the total readiness-to-serve charge shall be a sum of the charges for all meters.

(2) *Commodity charge.* The commodity charge is based on the amount of water used for customers inside and outside the corporate limits of the City of Dowagiac and will be \$0.306 per 100 gallons. The commodity charge covers expenditures for wastewater treatment and other overhead costs.

(4) *Special rate A – Residential users of sewer only inside city limits.* A charge of thirty-two dollars and seventy-six cents (\$32.68) per month shall be assessed to all residential properties inside the City limits using sewer service only. Any multiple residential users or commercial or industrial users of sewer and not water under rate A shall be charged a rate determined by the city engineer and reported to the City Council by the City Manager. In no event shall the rate be less than would be charged under this section.

(5) *Special rate B - Residential users of sewer only outside city limits.* A charge of thirty-eight dollars and ninety-two cents (\$38.82) per month shall be assessed to all residential properties outside the City Limits, using sewer service only. Any multiple residential users or commercial or industrial users of sewer and not water under rate B shall be charged a rate determined by the city engineer and reported to the City Council by the City Manager. In no event shall the rate be less than would be charged under this section.

Section 2: That pursuant to the provisions of Chapter 1, Section 1-4 of the Dowagiac Charter and due to the length of this Ordinance, the Dowagiac City Clerk be and is hereby directed to forthwith cause publication and posting of this Ordinance on the bulletin board of the Dowagiac City Hall, the same being the usual place of posting for the actions of the City Council.

Moved by: Schuur

Seconded by: Gross

This being the first reading, the Ordinance will be brought before the Council for a second reading and vote at the regular meeting on January 27, 2014.

DOWAGIAC CITY COUNCIL MEETING

Monday January 13, 2014

Page Eleven

Upon motion by Councilmember Laylin and seconded by Councilmember Schuur, the Dowagiac City Council adjourned at 7:35 p.m.

Donald D. Lyons, Mayor

James E. Snow, City Clerk