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MARQUETTE AREA WASTEWATER TREATMENT FACILITY ADVISORY BOARD MEETING MINUTES APRIL 15, 2021

A regular virtual meeting of the Marquette Area Wastewater Treatment Facility Advisory Board was held at 10:02 a.m. on Thursday, April 15, 2021.

ROLL CALL

PRESENT: Brad Johnson, Chocolay Township (Chair)
Leonard Bodenus, Marquette Township
Margaret Brumm, City of Marquette
Harold Hayse, City of Marquette
Gary Simpson, City of Marquette

ABSENT: None

OTHERS: Mark O'Neill, City of Marquette
Pam Greenleaf, City of Marquette

AGENDA

It was moved by M. Brumm, supported by H. Hayse, to approve the agenda as presented. Approved 5-0.

MINUTES

It was moved by L. Bodenus, supported by M. Brumm, to approve the March 18, 2021 meeting minutes as submitted. Approved 5-0.

FINANCIAL REPORT MARCH

- Balance Sheet: As of March 31, 2021 the fiscal is 50% complete. G. Simpson stated that the budget remains in good shape.
- Revenue Sheet: Trucked wastewater revenue is strong. Interest revenue will remain low as interest rates remain low.
- Expenditures: Purchased power continues to run high in comparison to the budget. M. O'Neill explained how the current budget was established, and how he would establish it moving forward. He stated both co-gen units were taken down in March for top end repairs resulting in downtime, and whenever the units are down, there are no savings. M. Brumm asked if wages were affecting the budget. M. O'Neill stated wages were trending a bit low, but that with staffing changes and overtime pay, they remain consistent.

It was moved by M. Brumm, supported by L. Bodenus, to accept the Financial Report as presented. Approved 5-0.

SOLIDS HANDLING PROJECT

M. O'Neill stated that he presented a project update to the City Commission at their April 12, 2021 meeting, and that the presentation went well. He stated that he informed the Commission of a project cost increase of $200,000 due to the increased cost in materials, especially steel, and that the total project cost was now $6,983,000. He stated the septage receiving station will be a new source of revenue for the facility, and that completion of that building will be priority. The board reviewed the project status report supplied by Donohue and Associates and discussed the following project elements:

- EGLE project coordination
- Draft project plans
- Revised cost estimate (increase in the cost of steel)
- Viewing of belt filter presses (week of April 19, 2021)
- Construction materials (very long lead times)
- Project schedule - startup and completion (summer 2022 – spring 2023)
- Septage receiving station potential completion/startup (fall 2022)

M. Brumm complimented M. O'Neill and Donohue and Associates on the project presentation and stated that it was well received by the City Commission.

OPERATIONS REPORT APRIL

- NPDES Permit Compliance: No permit violations occurred since the last board meeting.

- Staff continue to operate under the City's COVID-19 plan. Members from the Water and Wastewater Facilities have been partially or fully vaccinated.

- Cake storage is completely full. Staff is waiting for an updated map from CCI. Biosolids hauling is anticipated to begin next week.

- Sampling for the presence of COVID-19 in the city's wastewater continues. NMU has been working with the State of Michigan to secure new COVID-19 grant funding. Other variants of the virus are also being looked at.

- Kraft power performed the required 1200-hour maintenance services on both Co-gen units. M. O'Neill stated that staff have been shadowing Kraft personnel when they are on site doing the work, and that he believes staff will be able to do this type of maintenance in the future. He also stated that the technical balancing of the engines would remain with Kraft. B. Johnson asked what the service cost per visit was, and what is done to the engines. M. O'Neill stated each 1200-hour service costs approximately $4,000 and that it is a basic service visit that consists of oil changes, spark plug replacement, antifreeze, and fine tuning of the engines.

- All four boilers were inspected and certified.

- Staff replaced a fan motor on one of the ceiling mounted heating units.
- Staff performed repairs to the main power cable on one of the Bio-P mixers which prevented the need to purchase a replacement cable.
- The Director and Supervisor met with the IT Department to compile an equipment list and cost estimate for the replacement of all the Wastewater and Water Facility's SCADA computers. M. O'Neill stated Dan Johnston, WWTP Supervisor, has a great skill set with computer integration and will be doing a lot of the work in-house resulting in a sizable project savings of approximately $22,000.
- Industrial Wastewater Acceptance Activity:
  - 2,900 gallons of industrial wastewater from Fabick was accepted.
  - 101,500 gallons of leachate from Wisconsin Energy was accepted.
  - 1,250 gallons of industrial wastewater from U.P. Environmental.
  - 17,100 gallons of industrial wastewater from LS&I Railroad was accepted.
  - Total monthly revenue $5,895.00

Preventive Maintenance:

- Staff continues to work on outstanding work orders.
- Parts are on order for the repair of one of the facility's digester recirculation pumps.

OLD BUSINESS

Energy Savings Project Discussion:

A co-gen financial analysis summary report prepared by board member Harold Hayse was presented to the board. H. Hayse asked how the TELP payments were broken out. G. Simpson stated that the TELP payment is a financing mechanism created by the State of Michigan that isn't reflected as debt, but more of an operating lease, and that was one of the main reasons why the project was done. He also stated that he broke out the payment in correlation with which fund it was expensed to and used that same percentage when breaking out the TELP payment. He stated that each project component within the fund was not broken out. H. Hayse stated that he had used a percentage of the total Wastewater Facility project cost and broke out the co-gen units from that to establish a percentage specific to the co-gen units for the analysis. He stated that the calculation for the TELP payment related to the co-gen units is 73% which equates to a very large expense compared to actual savings. M. O'Neill stated that he provided Johnson Controls with the analysis and that they are willing to attend an upcoming meeting to explain their projected savings. H. Hayse stated that his analysis was based on actual expenses and savings tied to the co-gen units which indicates the facility lost $85,000 in 2020. He also stated that the co-gens are operating in the red, and if the units aren't saving money, the City should be able to get out of the co-gen portion of the project savings contract. M. O'Neill provided the board with the energy savings contract language related to a projected 6.5% BLP rate increase which was used to project yearly savings. He stated that the actual BLP increase was 2%, and that Johnson Controls had no way of knowing the increase would not be 6.5% annually as first projected. M. Brumm stated that she liked that M. O'Neill provided the analysis to JCI for their review, and that it was the reasonable thing to do. She also stated that it is one year of data for a 20-year contract and that she felt it was too early to declare whether the project was a success or a failure. She stated it is reasonable and prudent to share the analysis with JCI, and critical that the assumptions in H. Hayse analysis, and the actual assumptions in the JCI contract, be identified and documented. L. Bodenus stated that he didn't want to label the project a failure just after one year, but it is something that the board needs keep an eye on as more data becomes available. B. Johnson stated that if the deficit is over $80,000 for the first year it is very concerning, and that the board will have to wait for JCI's input. He stated that he was not going to turn a deaf ear on the subject, and thanked H. Hayse for creating the analysis and bringing it to the board. He thanked M. O'Neill for the information he provided, and all the work he continues to do. H. Hayse stated he and B. Johnson were interested in what the actual co-gen savings were and he chose to gather expense information and compile the analysis. He also stated that the analysis clearly indicates that the expenses compared to the savings do not show the units saving the facility money. He stated it is the boards responsibility to monitor the operations of the Wastewater Facility and provide the best practices for the community, and to determine whether the co-gen units are a detriment to the facility or not. Board members discussed having JCI attend the May 20, 2021 meeting to provide detail on their savings data, and to answer any questions the board may have.

H. Hayse suggested that the board look at hiring someone independent from JCI to do a financial analysis. It was determined to wait to hear from JCI before doing anything further.

> It was moved by M. Brumm, seconded by H. Hayse to endorse the actions of the Wastewater Facility Advisory Board by taking the independent financial analysis prepared by H. Hayse and providing to JCI, and to request that JCI's response be presented at the May 20, 2021 Wastewater Facility Advisory Board meeting. Approved 5-0.

NEW BUSINESS

Biosolids PFAS Testing:

M. O'Neill stated EGLE implemented PFAS testing protocol beginning July 1, 2021 and provided the board with the criteria required for testing. B. Johnson asked what the cost was for testing and how often it would be done. M. O'Neill stated that the current requirement is one time per year at $300 - $500 per test. The board discussed PFAS testing within the confines of the Wastewater Facility.

BOARD COMMENT

- L. Bodenus thanked M. O'Neill for the work he is doing at the facility, and thanked H. Hayse for preparing the analysis.
- M. Brumm congratulated M. O'Neill for doing a great job on the project update to the City Commission.
- B. Johnson thanked M. O'Neill for the work he is doing, and H. Hayse for preparing the co-gen financial analysis.

ADJOURNMENT

It was moved by M. Brumm, supported by H. Hayse, to adjourn at 11:16 a.m. Approved 5-0.

Mark O'Neill

Reviewed by:
Mark O'Neill
Director of Municipal Utilities

Prepared by:
Pamela Greenleaf