



August 29, 2024

Eric J. Oswald, Director
Drinking Water and Environmental Health Division
Department of Environment, Great Lakes, and Energy
Constitution Hall - 525 W. Allegan Street
P. O. Box 30473
Lansing, MI 48909-7973

Dear Director Oswald:

This letter is response to EGLE's request that the City of Benton Harbor submit a letter by August 31st regarding the City's decisions for addressing the TMF plan operations questions.

As you know the City made the decision some time ago that it would continue to operate the City's Type 1 drinking water facility. At the December 19, 2022 Commission meeting, the Benton Harbor City Commission selected Alternative 1C for implementation which consisted of the City retaining full ownership of the water system, with lead operator positions being contracted, and other staff consisting of Benton Harbor employees. Since that date the City has had a change in its leadership with a new City Manager who initially continued that path while reviewing all aspects of the Administrative Consent Order (ACO) and the gaps identified in the three capacity areas of the water system. While the city is still committed to an eventual transition to and all City Staff operation, after attempting to coordinate city staff with the contracted services, it became evident that this was not currently achieving the desired results. The decision was made to release the City staff except for one administrative employee and contract the system operations to F&V.

The City with the help of Michigan EGLE has made considerable progress since this process started. In reviewing the information on the Water System TMF Capacity Study, on the matter of:

Technical gaps:

As a result of funding made available through EGLE, the infrastructure condition has been improved greatly, including repair and replacement needs, capital improvements in the distribution, storage, and treatment systems to increase the reliability of the water system. Lines have been replaced with lead free connections, fire hydrants replaced, water tower descaled and painted, pumps replaced and many improvements made in the last 24 to 36 months. Through the City working closely with Abonmarche and F & V with EGLE's help and watchful eye, great strides have been made.

The operational gaps for maintenance, record keeping, standard operating procedures (SOPs) recordkeeping, work on participation in a MISS DIG system, and work on upgrading and improving the cross-connection system are all receiving proper attention from the City through its contractor, F & V and the City's engineering firm, Abonmarche.

Managerial Gaps

The concerns related to Organizational structure gaps that promoted widespread deficiencies in accountability and oversight, staffing, personnel training, staff development and retention, and HR practices have been eliminated by contracting the operation to F & V. This is expected to continue until such time as the City is financially able to restructure and hire qualified, trained, experienced and certified staff capable of successfully operating a Safe Drinking Water facility in compliance with Act 399.

The historical issues with previous operators are eliminated with the layoff of the City staff and replacement by a qualified operator with proper certifications, experience and training. Reporting systems will be established to ensure that requirements are being met including but not limited to performance tracking and adequate timely public notification, education and outreach.

As the new City Manager, I have past operational and managerial experience that will be helpful.

Financial Gaps Identified

While financial challenges remain, the City is facing these head-on beginning with the issue of collections.

- The first week of May 2024, the City began implementing shutoffs to ensure collection of unpaid and delinquent water, sewer, and refuse bills. With recognition that the city was serious, the collection rate rose higher than was expected and has remained there.
- The Manager recognized the futility of continuing the dual system after the city employees all failed the certification test the first week in May. The City laid off five employees at the water facility, retaining one administrative support person and one employee working with the collections office. The employees in concert with their Union were offered on month's severance if they signed resignations. The expected reduction in personnel and related equipment cost will facilitate treatment and distribution of drinking water at a lower cost.
- The City of Benton Harbor is working to help create a regional partnership that will eventually yield true costs of wholesale purchase rates for all three systems – St. Joseph, Benton Township, and City. The three systems understand the valuable linkage that we have as backup systems to each other, with Benton Harbor playing a key role for the other two systems.

It is factual that as stated in the TMF summary, revenue from water sales was reduced significantly when the State-appointed Emergency Manager approved Benton Charter Township's and St. Joseph Township's request to sever their long-term water purchase contracts early. The separation was done in such a haphazard fashion that the City does not even provide water to some of its own City buildings such as the public works department.

The City would not have been able to close the gap in revenues vs operating expenses, considering needed capital improvement as increases would not have been affordable for residents. However, thanks to the assistance received from EGLE and the Governor, many of these needed capital improvements have been addressed, and others are underway.

Some of these improvements include but are not limited to:

- New filter controls
- Filter Valves
- Actuators
- New Laboratory
- All pumps upgraded
- Chlorine Analyzer on reservoir
- Turbidity meter
- Two new chlorine analyzers
- New Floride treatment

Among some of the work remaining to be completed and in process:

- Phase II Raw Water pumps being overhauled
- Raw water flow-meter
- Repair and adjust flow rate control
- Filters to be replaced
- Miss Dig Implementation
- Surface Wash on filters to be rebuilt
- Repair work to interconnect and equipment in lagoon when the facility shuts down

Significant portions of this remaining work are expected to be done within the next six to nine months providing funding is available.

As recommended, the City will work with EGLE, EPA, the State legislature and congress to fund any remaining needed long-term improvements to the water system through grants. The City agrees that State or federal funding is also needed to start a water payment assistance program for water customers who cannot afford to pay their water bills.

The City of Benton Harbor is requesting state and federal funding to supplement the operating expenses of the system. The current gap is expected to range from approximately \$2.5 million initially to \$2 million and less over a five (5) to ten (10) year period. While the City anticipates and will generate growth in its housing and businesses in the City, the greater demand will occur from large business development in our neighboring Benton Township community. The Township has the land and the City has the water. When such development as the giant Data Center that is currently being discussed takes place, the City of Benton Harbor will be prepared to supply water to the Township at wholesale rates that they can in turn supply to their customer, thereby solving their demand issue while generating revenues for the Township without additional capital improvements to their plant and closing the gap on the City's water plant financial issues. Depending on the overall rate of development, this "gap" could close in five to ten years or less.

Sincerely,
City of Benton Harbor



Alexandre Little
Interim City Manager