

**REGULAR MEETING**

The HBPW Board of Directors met  
**October 9, 2023**  
at 4:00 p.m.  
625 Hastings Ave.  
Holland, Michigan

**Chair Thompson called the meeting to order at 4:00 p.m.**

**Members Present:** PJ Thompson, Carolyn Maalouf, Paul Lilly, Beth Snyder, Brian Lynn, and Ex Officio Members Dave Couch and Keith Van Beek

**Members Absent:** Mayor Bocks

**Staff Present:** Dave Koster, Janet Lemson, Ted Siler, Becky Lehman, Chuck Warren, Joel Davenport, Pieter Beyer, Steve Bruinsma, Amy Yost, Julie DeCook, Chris Van Dokkumburg, and Vince Duckworth, City Attorney, Jodie DeVries, Marsh Insurance

24.053 **Approval of Agenda**

*Board Member Lilly made a motion to approve the agenda. The motion was seconded by Board Member Maalouf.*

24.054 **Board Minutes – Regular Meeting Minutes of September 11, 2023**

*As part of the Consent Agenda, the Board of Directors approved the minutes as presented.*

24.055 **Declaration of Surplus Material**

The HBPW has identified materials and equipment which are no longer pertinent for use. The attached list shows the items determined as excess, obsolete, or uneconomical to repair. Once declared surplus, the items will be disposed of in the following order:

1. Offered to other City departments
2. Sell to companies specializing in inventory disposal
3. Auction (utilizing GovDeals online portal)
4. Public auction (in limited cases)
5. Donation
6. Recycling or waste disposal

*As part of the Consent Agenda, the Board of Directors approved the attached lists of items as surplus.*

24.056 **Calendar Year 2024 Board Meeting Schedule**

Currently, the HBPW's Board of Directors is scheduled to meet twice a month, once for a Regular Board Meeting, and once for a Study Session. Regular Board Meetings are scheduled on the first Monday following the first Wednesday City Council Meeting of the month. Study Sessions are scheduled for the fourth Monday of the month, except for holidays or known conflicts.

After the calendar year meeting schedule is approved, it is posted publicly with the intent to give adequate notice of Board meetings.

*As part of the Consent Agenda, the Board of Directors approved the CY 2024 meeting schedule.*

*\* Red italics indicate information or discussion added during the meeting and/or action taken.*

Action on Consent items:

Motion to approve, accept, or adopt Consent Agenda items	<i>Snyder</i>
Second	<i>Maalouf</i>
Favor	5
Oppose	0

24.057 **Communications from the Audience**

*None*

24.058 **Major Project Update**

*For information only*

24.059 **Combined Property/Liability Insurance Program for the City of Holland/Holland Board of Public Works Effective November 1, 2023 - October 31, 2024**

Marsh was selected as the new broker for the City of Holland and Holland Board of Public Works for property, casualty, and financial product line coverages in February 2022. Working with City and HBPW staff, Marsh has developed a revised insurance coverage renewal strategy that includes changing coverage periods from the City/HBPW fiscal year basis to a November 1 - October 31 term. The July 1 - June 30 coverage period previously used for the combined COH/HBPW insurance program created challenges in receiving timely quotes due to the large number of customers with the same expirations clamoring for the attention of the underwriters. Shifting the renewal cycle by 90 days places the consideration of the COH/HBPW program into a less congested evaluation period, resulting in more thorough, timely, and well-reasoned proposals for coverage.

***Renewal comments from Marsh:***

**Property Renewal:** The property renewal increases are based almost solely on the change in values. The City had not performed a property replacement cost valuation since 2012. These valuations were updated in spring of 2023 and resulted in a 50% increase in values. Adjusted for inflation, cost of reconstruction if lost, building enhancements, etc., these adjustments were greeted positively by the market (and if not initiated by the City proactively, would have yielded adjustments by the carrier on their own). The actual property rate increase was less than 2%.

**Inland Marine/Mobile Equipment:** Historically, the City has included the mobile equipment on the master property program. While this is an acceptable strategy, the property deductible is \$1M; and there is not equipment that would exceed this deductible. Therefore, this equipment has essentially been self-insured. A separate policy is proposed that would offer a \$10,000 deductible for \$17,856. Total value of this equipment is approximately \$5M.

**Cyber:** The City will see a reduction in their cyber premium from \$51,481 to \$47,905. This is due to continued improvements in cyber security controls as well as a stabilizing in the insurance marketplace. Coverages remained the same. HBPW cyber was renewed last May for a 5/30/23-5/30/24 term at a cost of \$30,840.

**Pollution:** The pollution policy will be renewed on a two-year term from 11/1/23- 11/1/25 (coming off of a two-year term as well). Ironshore provided a renewal quote of \$20M/\$20M for \$196,497 per expiring terms. Marsh sought alternative quotes and recommends making a move to Hamilton (same limits and deductible) for \$175,000. They offered improved coverages and pricing over the expiring Ironshore policy.

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**The Package** program (which includes property up to \$1M, general liability, automobile, and law enforcement) continued to see pressure from carriers due to the type of exposure and the limited carrier options (public entity, law enforcement). We were pleased to extend from 7/1 to 11/1 **on a pro rata basis** but will see 15-20% increases (varies by line) at 11/1 renewal. All quotes are in line with market expectations, with the exception of the StarStone \$5M x \$15M quote for which we have included a not-to-exceed layer price of \$97,000. We did explore the possibility of removing the property from the package and adding to the Chubb property program; however, removing from the package would save about \$100K, and adding to the Chubb property program would add approximately \$300K. Therefore, **it is our recommendation to leave the program structure as is.**

**Staff Comments:**

Total premiums for the 11/1/23-10/31/24 package are \$1,197,956, an overall 20% increase from the prior year. As mentioned above, the majority of the increase is attributable to the update in insurable values. This amount allocated to HBPW is \$1,249,034. The allocation has been reviewed by the City and HBPW Finance Directors. The above premium amount does not include applicable state taxes and fees.

*Recommendation: The Board of Directors approved the City of Holland/Holland Board of Public Works insurance program as presented by Marsh USA with a total cost estimated to not exceed \$1,978,956 (plus applicable state taxes and fees) and an allocation to HBPW estimated not to exceed \$1,249,034.*

<i>Motion to approve recommendation</i>	<i>Lilly</i>
<i>Second</i>	<i>Maalouf</i>
<i>Favor</i>	<i>5</i>
<i>Oppose</i>	<i>0</i>

24.060 **28th and Wildwood Engineering Contract Change Order**

In April of 2022, the Board approved a contract with Holland Engineering Inc. in the amount of \$238,500 (with a 10% contingency of \$23,850 for a total of \$262,350) to provide engineering and construction inspection services for the 28th and Wildwood water main replacement project.

During coordination of the project with other City departments, the Transportation Department identified additional roadway and drainage improvements that they requested be incorporated into the project at their cost. This change order addresses the fees for the design and inspection of the requested improvements. The total engineering cost for these improvements is \$92,300.

HBPW also identified 750 feet of additional water main work in Van Raalte Avenue that was needed to avoid repeat construction impacts to Van Raalte Avenue during future water main replacement work planned for this neighborhood. The additional engineering cost for this is \$4,000.

The \$4,000 change order request for the work to be paid for by HBPW is within the approved budget for the project. The \$96,300 total change order, including the work to be paid for by the City Transportation Department, is above the approved contingency for the contract and requires Board approval.

*Recommendation: The Board of Directors approved a change order to Holland Engineering's contract for the 28th & Wildwood project for an additional \$96,300 in engineering and construction inspection services*

<i>Motion to approve recommendation</i>	<i>Maalouf</i>
<i>Second</i>	<i>Snyder</i>
<i>Favor</i>	<i>5</i>
<i>Oppose</i>	<i>0</i>

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24.061 **East Point Substation Engineering Services Contract Amendment**

The Electric Distribution Department requested an approval in February 2022 for engineering services for construction of a new substation to support the customer growth in the eastern portion of our service territory. Theka Associates was the selected engineering firm to provide the design and testing services. At that time, the contract approval for Theka was \$332,950, plus a 10% contingency, for a total of \$366,245.

East Point Substation has encountered supply chain issues, construction delays, and additional testing and engineering services, not in the original scope of work for Theka that will exceed our existing contract contingency. We may also incur additional testing costs associated with our 138 kV breakers under a recall by Siemens.

We anticipate recovering a portion of these extra costs from the substation construction contractor, as they are behind in their schedule and may incur liquidated damages as stipulated in the construction contract.

*Recommendation: The Board of Directors approved a contract amendment with Theka Associates in the amount of \$75,000 to complete the construction of East Point Substation.*

<i>Motion to approve recommendation</i>	<i>Lilly</i>
<i>Second</i>	<i>Maalouf</i>
<i>Favor</i>	<i>5</i>
<i>Oppose</i>	<i>0</i>

24.062 **Customer Portal Consulting Services Budget Amendment**

Staff requested proposals for consulting services for customer portal RFP development, system evaluation and procurement assistance. Three proposals were received. The following table summarizes the results:

	Power System Engineering, Inc.	Whitlock Consulting Group	ESource Solution Services
<b>Total Cost</b>	<b>\$36,250</b>	<b>\$52,520</b>	<b>\$95,000</b>

Staff reviewed the proposals and met with the companies that submitted the two lowest cost proposals. It was determined that Whitlock Consulting Group (WCG) provided the most thorough proposal that clearly defined the deliverables required for this project. WCG has extensive experience with utilities on identifying improvement opportunities for the entire meter-to-cash and customer-facing processes including customer self-service. Five very good customer references were received from utilities that worked with WCG on similar projects. All used them for additional projects or would use them again if the opportunity arose and were very satisfied with their work.

*Recommendation: The Board of Directors approved an amendment to the FY 2024 administrative capital budget for customer portal consulting fees in the amount of \$7,520, with a 10% contingency, for a total new budget of \$57,772*

<i>Motion to approve recommendation</i>	<i>Lilly</i>
<i>Second</i>	<i>Snyder</i>
<i>Favor</i>	<i>5</i>
<i>Oppose</i>	<i>0</i>

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24.063 **Closed Door Session – Pending Litigation**

**A request to enter closed session to consult with the City attorney regarding trial or settlement strategy in connection with specific pending litigation, City of Holland vs Michigan Bell Telephone Company, d/b/a AT&T Michigan, Ottawa County Circuit Case No.: 22-6774-CK, because meeting in an open meeting would have a detrimental financial effect on the litigating or settlement position of the City; and to further review a written legal opinion from the City Attorney.**

Motion to enter Closed Session @ 4:57 p.m. <Name>  
Made by Lilly <Name>  
Second: Maalouf  
Favor 5  
Oppose 0  
*ROLL CALL: Thompson, Lilly, Maalouf, Snyder, Lynn*

Motion to re-enter Open Session @ 5:16 p.m. <Name>  
Made by Lilly <Name>  
Second Maalouf  
Favor 5 <#>  
Oppose 0 <#>

24.064 **General Manager Comments**

- Our next Board meeting is October 23, a study session, and will likely turn into a special meeting due to upcoming items regarding tactical action results This will also be the quarterly results meeting.
- Currently, it is looking like our annual audit will be completed and come before the Board at the November regular meeting.
- October 19 is the asset tour of the Water Reclamation Facility. The tour will be conducted by Joel, Ted, and Theo. Thus far, Brian, Carolyn, Dave, Joel, Ted, and Janet will attend. We will Meet at the Service Center parking lot at 9:00 and take the nature center bus. Lunch following.
- Thank you to all BPW staff members who helped with our many events during Public Power Week last week.
- LG Energy System announced last week they'd received an acceptance letter from the State of Michigan for Phase 3 of their growing facilities in Holland. This comes after the announcement of their newly forged partnership with Toyota and is expected to begin in 2025.

24.065 **Board Comments**

- Board Member Lilly asked if there were any updates on the Rosenberg/Lake Michigan property. Nothing in a firm thus far, but we are aware of several plans in the works, one of which is the Saugatuck Dunes Coastal Alliance. We will keep the Board updated as any offers become more viable.

**ADJOURNMENT**

A motion to adjourn the meeting of *October 9, 2023*, was made by *Lilly* supported by *Snyder* and agreed upon by the Board of Directors present.

The Board Meeting of October 9, 2023, adjourned at *5:43 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board

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