

REGULAR MEETING

The HBPW Board of Directors
met
April 8, 2024
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, Kyle Engbers, Brian Lynn, and Ex Officio Member Keith Van Beek

Members Absent: Dave Couch, Scott Corbin

Staff Present: Dave Koster, Janet Lemson, Becky Lehman, Chuck Warren, Ted Siler, Joel Davenport, Pieter Beyer,

24.168 **Approval of Agenda**

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

24.169 **Communications From the Audience**

None

24.170 **Board Minutes – Regular Meeting Minutes of March 11, 2024, and Study Session Minutes of March 25, 2024**

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

24.171 **Amend the Resolution Approved at the January 8, 2024, Board Meeting (transferring certain parcels to the City) to Correct a Typographical Error In One of the Parcel Numbers**

The parcel number 70-16-20-277-003 in the Resolution the Board approved at its January 8, 2024, regular meeting is incorrect. An amended Resolution with the correct parcel number of 70-16-29-277-003 is being provided for approval.

As part of the Consent Agenda, the Board of Directors approved the amended Resolution transferring parcels at 71 and 111 East 6th Street from Holland Board of Public Works to the City, effective on the date the Resolution is approved.

24.172 **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)

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- 5. Donation
- 6. Recycling or waste disposal

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

24.173 Bill-of-Sale and Utility Easement for Shoreline Flats II

Kendall Property Group constructed the Shoreline Flats II apartments west of Shoreline Flats at Quarterline Road and 16th Street. This development is complete with new public utilities having passed acceptance testing and new customers being served by those utilities. The new public utilities consist of 2,700 ft of public water main and 2,500 ft of public sanitary main from 16th Street through the apartment complex. The easement is depicted on the approved construction plans and in the easement exhibits.

The developer reported a contributed capital cost of \$217,000.00 for the sanitary sewer extension and \$359,00.000 for the water main extension.

As part of the Consent Agenda, the Board of Directors accepted a bill-of-sale and easement for underground utilities with Shoreline Flats II, LLC for the sum of less than \$1, pending approval as to form from the City Attorney.

Action on Consent items:

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

24.174 Major Project Update

For information only

24.175 Lake Macatawa Transmission Main Rehabilitation - Updated Project Budget & Engineering Change Order #1

Background

In February of 2023 HBPW staff identified a leak in the 30" transmission main crossing under Lake Macatawa. The leak was tracked back to a failed repair performed on the pipe during installation in 2008. Further assessments have shown that the only viable method of rehabilitating the pipeline is to slip line it with a smaller diameter pipe inside of the leaking main. An initial budget estimate of \$1.75M was included in the FY 2025 capital budget to address this work. Further work on the project since then have resulted in a revised project budget and an updated project schedule requiring an FY 2024 budget amendment.

Project Budget

Due to the critical nature of the transmission main, emergency procurement practices were put in place for the initial assessment and alternatives analysis that was needed to determine the scope of the repair project. HBPW contracted with the engineering firm Brierley Associates to lead this process. HBPW and Brierley originally estimated the cost of this project at \$1.75M based on bids for similar types of work.

During the assessment and alternatives analysis phase several issues were identified that have caused the cost of the project to increase. These included the need to remove debris from the pipe,

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remove a deformed section of the existing pipe, increases in material costs, and resident construction accommodations:

- Several debris accumulations were found in the existing pipe and several specialized contractors were needed for its removal. A deviation in pipe alignment was also discovered that required additional inspection and surveying work. The cost to remove this debris and perform additional surveys totaled \$350k.
- The cost of polymers for the manufacture of PVC pipe have increased significantly in recent years and continue to increase on a monthly basis. The cost of the fusible PVC pipe has increased by 100% in the last 2-3 recent years alone and has increased significantly within the planning and design phase of this project.
- The survey work identified the need to remove the last 50 ft of the existing pipe on the north side of the lake due to an excessively bent section of pipe. This requires a deeper excavation on the north side to reach this section of pipe as it dives under the lake. It also requires more open-cut pipe replacement which is costlier than slip lined pipe. This additional work is estimated at ~\$250k.
- Since the installation of the original lake crossing in 2005, two residential developments have been constructed along Division Ave. These developments have single points of entry and exit that require lifting of the fused pipe across the driveways during pipe pullback to accommodate traffic needs. This requires additional equipment and staff to accomplish. This additional work is estimated at ~\$50k.

The total increase in project cost due to these issues is estimated to be \$750k. Brierley pursued a collaborative approach to their design work by pre-qualifying contractors and suppliers that were specialists in their relative fields and developing a rehabilitation design with their input. We have now received proposals for key phases of the work and are able to present an updated project budget to the Board for approval and inclusion in the FY24 budget.

Engineering	\$	329,354	Brierley Associates
Pipe Cleaning & Inspection	\$	350,583	Doetsch, Northern Divers, Seaview Systems
Fusible PVC Pipe	\$	551,475	Underground Solutions
Slip Lining	\$	685,655	Gabes Construction
Grouting	\$	200,000	Estimate - Receiving Proposals
Site work, tie-ins, and restoration	\$	400,000	Estimate - Receiving Proposals
Total	\$	2,500,000	(Rounded to nearest \$1M)

Based on the proposals received to date the updated total budget for the project has been estimated as \$2,500,000. Since this is not included in the current Fiscal Year Budget, and contractors are indicating availability to start the work in FY2024, a recommendation is being made to approve this updated project budget via an FY2024 capital budget amendment.

Engineering Change Order

In July of 2023, HBPW entered into a contract with Brierley Associates in the amount of \$80,000 for engineering evaluation and design of the rehabilitation of the leaking 3rd Lake Macatawa transmission main crossing. Since the contract was for less than \$100,000 in services, it did not require Board approval and was executed by the General Manager. Since then, Brierley has supported the unplanned cleaning and survey work, and developed additional open cut

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engineering design. HBPW has also requested that Brierley update their cost to provide full-time construction inspection for all phases of the project and not just the slip liner pullback.

The attached change order for \$237,480 addresses the additional services provided during pipe cleaning, the additional evaluations that were necessary due to the pipe defects, the additional design work for the new open-cut sections, and 40 additional construction inspection days to inspect the open cut work. This change order brings the total contract value with Brierley to \$317,480. The recommendation also includes a 5% contingency amount of \$11,874 for a total contract value of \$329,354.

Recommendation: The Board of Directors approved an FY 2024 capital budget amendment in the amount of \$2,500,000 for the rehabilitation of the Lake Macatawa Transmission Main and further, approved a change order with Brierley Associates in the amount of \$237,480 with a 5% contingency of \$11,874 for a total contract value of \$329,354.

<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>

24.176

Lake Macatawa Transmission Main Rehabilitation - Pipe Purchase

Assessments of the existing 30" HDPE transmission main under Lake Macatawa have concluded that the most appropriate pipe to line the existing crossing is a 20" fusible PVC pipe.

HDPE, PVC, and steel pipe were evaluated as possible pipe material alternatives. PVC pipe was selected because it maximizes the capacity of the new pipe compared to HDPE, due to its thinner wall thickness, while also being better at withstanding the rapid temperature fluctuations of our water supply. PVC is also more flexible than steel, so it is more suited to pass the bends in the existing HDPE pipe.

The pipe size is based on the largest outside diameter pipe that will pass through the existing pipe while still providing room for multiple grout injection tubes and leaving an annular space for grout. The 20" nominal fusible PVC pipe has an actual inside diameter of 19" and an outside diameter of 21.6". This pipe size leaves approximately 2.5" of clear space around the new pipe in the most constricted segments of the current HDPE main.

The sole manufacturer of this pipe in North America is IPEX Inc who distributes pipe in the United States via Underground Solutions Inc (UGS). UGS has provided a proposal in the amount of \$551,475 to manufacture, deliver, and fuse the pipe on-site. Staff recommends moving forward with this proposal with the addition of a contingency to the purchase order that it becomes void if a final proofing of the pipe is unsuccessful. Proofing of the pipe using a mandrel is a standard final test before slip lining and typically occurs just before pipe delivery. UGS has stated that they are agreeable to such a contingency.

Recommendation: The Board of Directors approved a contingent purchase order with Underground Solutions, Inc. in the amount of \$551,475 pending approval as to form from the City Attorney.

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

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24.177 **2023 Sewer Condition Assessment Project - Change Order #1**

In April of 2023, the Board approved a contract with Plummer's Environmental Services in the amount of \$477,374.40 for the third year of a 4-year wastewater collection system condition assessment program.

As done in previous years of this program, Plummer's has provided a list of 216 potential repairs based on their condition assessment. The majority of these repairs consist of trenchless patch repairs. HBPW staff reviewed each recommended repair and prioritized a subset of the recommended repairs based on criticality and consequence of failure. A total of 67 of the potential repairs were selected to be completed within the capital budget of \$700,000.00 for FY 2024. The remaining locations will be monitored for further degradation and addressed as needed through future patch repairs or sewer main lining projects.

The total cost of completing the repairs exceeds the Plummers contract total and so a change order in the amount of \$218,950.00 is needed to complete the repairs. Approval of the change order to complete the repairs would bring the total contract value with Plummer's to \$696,324.40.

Recommendation: The Board of Directors approved a change order with Plummer's Environmental Services in the amount of \$218,950.00 for a total contract value of \$696,324.40

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

24.178 Board Member Maalouf made a motion, seconded by Lilly, to recess the HBPW Board of Directors regular meeting until conclusion of the Special Joint Session of the HBPW Board and Holland City Council, Motion: Lilly
Roll Call of voting Board members in attendance: Thompson Y, Maalouf Y, Lynn Y, Lilly Y, Engbers Y, @ 5:00 p.m.

24.179 **Mayor Nathan Bocks called the Joint Session to Order at 5:30 p.m.**

City Council Members Present Byrd, Raymond, Sol, Rowan, Shea, Schultheis, Bocks
Guest: City Attorney Vince Duckworth, Cunningham Dalman

City Council Members Absent Vreeman, Corbin

HBPW Board Members Present Lilly, Engbers, Lynn Maalouf, Thompson

HBPW Board Members Absent None

24.180 **Communications From the Audience**

None

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Closed Door Session – Review and Discuss a Written Legan Opinion with the City Attorney

Motion to enter Closed Session @ 5:35 p.m. <Name>
Made by Raymond <Name>
Second: Rowan
Favor 7
Oppose 0
*ROLL CALL: Byrd, Bocks, Schultheis, Shea,
Raymond, Sol, Rowan*

Motion to re-enter Open Session <Name>
and come out of recess @ 7:01 p.m.
Made by Byrd <Name>
Second Shea
Favor 7 <#>
Oppose 0 <#>

Motion to enter Closed Session @ 5:37 p.m. <Name>
Made by Maalouf <Name>
Second: Lilly
Favor 5
Oppose 0
*ROLL CALL: Engbers, Lynn, Maalouf, Lynn
Thompson*

Motion to re-enter Open Session <Name>
and come out of recess @ 7:03 p.m.
Made by Maalouf <Name>
Second Lynn
Favor 5 <#>
Oppose 0 <#>

24.180 City of Holland motion to adjourn the joint session made by *Schulthuis* and seconded by *Byrd*.
The joint session adjourned at *7:05 p.m.*

24.181 Motion made by Lilly and seconded by Lynn to resume HBPW's regular meeting at 7:05 p.m.

24.182 Second Amendment to the Development Agreement with LG Energy Solution

Since 2010, LG Energy Solution Michigan (LG) has been an important corporate figure in our community. When the original facility was being developed, many public investments and commitments were made including but not limited to the extension of new utility services, execution of a 425 agreement with Fillmore Township that transferred land into the City, and the creation of an Alternative Energy Renaissance Zone. The City of Holland (City) and Holland BPW (HBPW) used a local development agreement to capture the obligations of all parties.

In 2022, LG commenced a \$1.7 Billion investment that would add 1,200 jobs and increase battery production from the current 5 gigawatt-hour (GWh) capacity up to 25 GWh. This addition has been referred to as Phase II. Once again, there are significant City and HBPW investments and commitments that are necessary to facilitate and serve this development. Therefore, an amendment to the prior development agreement was executed by all of the parties.

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Late in 2023, LG announced a partnership with Toyota and an agreement with State of Michigan on a financial support package associated with another \$2.5 billion, 1.7 million square feet expansion (Phase III). Although no new jobs are forecasted beyond what was indicated for Phase II, multiple new buildings and facilities are planned to accommodate the growth in battery production.

New significant requests being made to the City and HBPW for services and infrastructure to support this latest expansion. Once again, it is important to define the obligations of all parties before committing City and utility funds to serve this expansion. A second amendment to the 2010 Development Agreement has been negotiated and is ready for consideration by both the HBPW Board of Directors and City Council. Specific elements of this new amendment are detailed below.

425 Agreement

The second amendment is expressly conditioned upon an Act 425 agreement being approved by the City and Fillmore Township.

Construction of the Plant

LG will construct the Phase III plant with associated buildings, parking and landscaping according to the development and site plans that are submitted and approved by the City.

Zoning

LG will construct and operate the facility in compliance with the City's Uniform Development Ordinance (UDO). It is anticipated that the portion of property that would eventually come into the City under the 425 agreement would be re-zoned from Residential to Industrial. Further, there are three properties within the city that LG has requested to be re-zoned Industrial.

Road Improvements

A grant application to the Michigan Department of Transportation (MDOT) has been submitted to assist in road improvements surrounding LG's campus. LG will pay all costs associated with the improvements including the required 20% local match and all costs not covered by a State grant.

Storm Sewer

LG will comply with the City's stormwater ordinances including obtaining necessary permits and enter into a maintenance agreement with the City prior to commencing construction on any building.

Electrical Service

This section confirms that the HBPW has received and is relying upon a service request for 60 Megawatts (MW) of demand for the new facility. To meet this need, the HBPW will construct a new substation, upgrade elements of its 138-kilovolt distribution network, and improve reliability of its distribution route to and from the South Holland substation, all estimated at \$53 million.

LG commits that it will pay for those utility improvements, along with any other improvements that may be needed outside of Holland's system to facilitate the transfer of electricity, subject to a contribution in aid of construction to be accumulated by the HBPW and delivered to LG after five years of service.

Importantly, LG also commits to certain clean and renewable energy provisions that currently depicted in Michigan Public Act 235 of 2023 to the HBPW's benefit in meeting its obligations under that law. This amendment also affirms that the three phases will be treated as one totalized electric customer for the purposes of tariff application.

Easements

LG will provide easements to the HBPW as needed to provide services to the facilities.

Sanitary Sewer Service

Collection main extensions and collection size increases are needed based on LG's service request. The estimated cost of the improvements is \$2 million, and LG shall pay the cost.

Cost Reimbursement

LG shall pay the City for its costs related to the development of the Phase III Plant and property for engineering, planning, attorney fees and similar actual costs.

Payment by LG for City Improvements

Improvements include water system improvements, sanitary sewer system improvements, public road improvements, electrical improvements, construction power facilities and cost reimbursement obligations as those costs are incurred by the City and HBPW. LG shall pay within 30 days of a written request by the City.

Letter of Credit

The amendment is subject to LG obtaining and maintaining a letter of credit during the duration of the Phase III plant and until LG completes payment of all improvements. The initial amount shall be \$55 million and will be increased or decreased as necessary as estimates are firmed up and monies are expended.

Conveyance of Real Estate

LG may identify property to locate the new substation. If so, and the HBPW deems it suitable, they shall convey it to the City.

This amendment will go forward to Holland City Council for consideration at its meeting on April 10, 2024.

Recommendation: The Board of Directors approved the attached Second Amendment to the 2010 Development Agreement with LG Energy Solution, pending final approval as to form by the City Attorney's office.

Motion to approve recommendation

Lilly

Second

Lynn

Favor

5

Oppose

0

24.183

General Manager Comments

- Next meeting is a study session April 22
- Asset tours will start again April 18, or a fresh Doodle Poll will go out with proposed new dates

24.184

Board Comments

- Facebook advertised HEP's open hours during Tulip Time

ADJOURNMENT

A motion to adjourn the meeting of *April 8, 2024*, was made by *Lilly* supported by *Engbers* and agreed upon by the Board of Directors present.

The board meeting of April 8, 2024, adjourned at *7:14 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board

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