

REGULAR MEETING

The HBPW Board of Directors met
May 6, 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, Brian Lynn, Kyle Engbers, Ex Officio Members Dave Couch, and Keith VanBeek

Members Absent: Scott Corbin

Staff Present: Dave Koster, Janet Lemson, Ted Siler, Becky Lehman, Chuck Warren, Joel Davenport, Phil Leerar, Pieter Beyer, Alex Craigmile, Joe Sikma, Dan Krieger

24.192 **Approval of Agenda**

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

24.193 **Communications From the Audience**

None

24.194 **Board Minutes – Regular/Joint Session Meeting Minutes of April 8, 2024, and Study Session Minutes of April 22, 2024**

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

24.195 **Damage Claims at the End of the FY 2024 Third Quarter**

Following are the damage claims outstanding at March 31, 2024:

Claim #	Claimant	Date of Loss	Incurred \$	Description
P011200554	Top Grade	12/4/23	25,000	Sanitary sewer sediment cleanout
P0112400553	Vandenbosch, J.	2/26/24	7,500	Sewer backing
P0112300541	Wilkins, M.	10/17/23	3,185	Water meter leak

The Top Grade claim is still being evaluated. Vandenbosch and Wilkin claims have been approved.

As part of the Consent Agenda, the Board of Directors accepted the report of damage claims outstanding at 3/31/2024.

24.196 **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

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

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.

24.197 **Budget Amendment for FY 2024 Electric Distribution Capital Budget**

The FY 2024 approved budget for the Electric Distribution Transformers Upgrade and Replacement line item is \$800,000. Electric Distribution is addressing more new customer requests this year than typical, in addition to the regular planned replacements due to end-of-life and circuit replacements. Higher transformer costs have also reduced the number of transformers that we can deploy at the historical budget amount.

The team is requesting a budget amendment of \$250,000 to the Transformer Upgrades and Replacement line, for a new total of \$1,050,000 for transformers to complete the remainder of FY 2024.

As an example of increased distribution transformer costs, in 2020 a 50 kVA pad mount transformer supplying residential homes was \$1,810; and today, that cost is \$4,820, with the expectation we may see additional price increases this next fiscal year.

HBPW has been able to curtail some price increases by using a new supplier from South Korea. This has given HBPW a significant price and lead-time advantage over other utilities by being a direct customer of the supplier. However, we are now seeing that suppliers are increasing pricing and lead times as well. We also continue to evaluate and order some transformers from other suppliers to maintain diversity in our inventory thereby reducing risks a single supplier can induce.

As part of the Consent Agenda, the Board of Directors approved an Electric Distribution budget amendment to the Transformer Upgrades and Replacement FY 2024 Budget line item for an additional \$250,000, for a revised capital budget of \$1,050,000.

24.198 Action on Consent items:

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

24.199 **Financial Update**

For information only

24.200 **Major Project Update**

For information only

24.201 **Ultraviolet Disinfection Engineering Services**

The intent of this project is to add UV disinfection to the treatment process at the WRF. The planned UV disinfection process will replace the existing disinfection process that utilizes sodium hypochlorite to disinfect the effluent water prior to discharge. The existing process is undersized for current plant demands and has been subject to high operational costs due to notable escalation of

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Factors in the evaluation process included the equipment, costs, technical specifications, warranty, and delivery lead time. Siemens Energy had an acceptable lead time and was the lowest cost per unit while meeting the technical specifications. We use Siemens equipment in many of our existing substations.

Based on the team's evaluation, BPW Staff recommends that a purchase order for the circuit switchers be issued to Siemens Energy. The 40th Street Substation project is included in the FY 2025 budget.

Recommendation: The Board of Directors approved a purchase order with Siemens Energy, in the amount of \$255,522 with a 10% contingency of \$25,552 for a total of \$281,074, pending City approval of a letter of credit as specified in the 2nd Amendment to the Development Agreement with LG Energy Solution Michigan dated April 17, 2024.

<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>

24.204

PFAS Class Action Settlement Allocation Agreement

Holland and Zeeland are class members to two class action settlements designed to resolve claims for PFAS contamination in Public Water System's Drinking Water. The Settlements are with 3M Company ("3M") and DuPont de Nemours and Company ("Dupont"). Settlements for both lawsuits were entered into in the AFFF multi-district Litigation No. 2873 ("MDL") and have received final approval from the United States District Court for the District of South Carolina.

For the purposes of the settlements, the Holland and Zeeland water systems are classified as "interrelated systems". This classification is of note because claims related to the suits are established based upon the water source. In the case of interrelated systems, there is a shared water source through a wholesale or retail sales agreement. In the case of Holland and Zeeland, this is the Holland Water Treatment Plant's raw water intake from Lake Michigan.

A further requirement of interrelated systems to make a claim is that they must be responsible for capital and treatment costs of PFAS treatment, if it becomes necessary. For the Holland water system and its retail customers, HBPW bears the responsibility for capital and treatment expenses. As a wholesale customer of Holland, Zeeland similarly bears responsibility for capital and treatment expenses based on their proportional share of flow.

According to guidance from the claims administrator, there are several ways that allocation of settlements for a shared water supply can be handled. However, the recommended approach is to reach agreement between the two systems. Staff from both communities thus engaged in discussions to determine an appropriate allocation split based on the existing water supply contract between the communities. The recommendation of that team was to use the flow split between the two communities over the same period of time that will be used to determine the settlement value. This allocation methodology served as the basis for the attached agreement.

Recommendation: The Board of Directors approved the allocation agreement with the City of Zeeland subject to approval as to form by 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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Specifically, the Board affirmed the organization's mission, vision, core values, and seven critical issue areas. Adjustments were made to the Results Policies that identify the outcomes (impact) that HBPW's work should achieve for its constituents (customers, community, owner). These adjustments included modifications to the primary policy statement, as well as the elimination of a number of nested statements for each critical issue area.

Staff also identified seven strategic priorities that provide focus on the primary objectives to work on over the next few years in order to ensure the desired organizational results are realized.

Over the past few months, staff has worked to create the public-facing document that conveys the elements of the organization's strategic plan. It is now ready for review and adoption by the Board of Directors.

Recommendation: The Board of Directors adopted the Holland Board of Public Works 2024 Strategic Plan.

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

24.207

General Manager Comments

- Next meeting is May 20, a Study Session (2-3 tactical action outcomes from staff)
- June 10 is our next *Regular* meeting

ADJOURNMENT

A motion to adjourn the meeting of *May 6, 2024*, was made by *Lilly* supported by *Lynn* and agreed upon by the Board of Directors present.

The Board Meeting of May 6, 2024, adjourned at *5:31 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board