

**REGULAR MEETING**

The HBPW Board of Directors met  
**March 9, 2026**  
at 4:00 p.m.  
270 S River Ave. – City Council Chambers  
Holland, Michigan

**Chair Thompson called the meeting to order at 4:09 p.m.**

**Members Present:** PJ Thompson, Paul Lilly, Kyle Engbers, Brian Lynn, and City Council Liaison Scott Corbin

**Members Absent:** Carolyn Maalouf, Dave Couch, Keith VanBeek

**Staff Present:** Dave Koster, Janet Lemson, Jenessa Carter, Becky Lehman, Joel Davenport, Ted Siler, Brian Richey, Pieter Beyer, Julie DeCook, Bruce Carlstrom, Nate Grysen

26.157 **Approval of Agenda**

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

26.158 **Communications From the Audience**

*None*

26.159 **Board Minutes – Regular Meeting Minutes of February 9, 2026, and Special Meeting Minutes of February 23, 2026**

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

26.160 **Grant of Sewer Easement for 740 College Avenue - Resthaven Maple Woods Cottages**

Resthaven has agreed to grant a sanitary sewer easement. This easement allows Holland Board of Public Works (HBPW) to operate, maintain, repair, and replace the sanitary sewer located within the Resthaven Maple Woods Cottages.

The sewer is an existing facility that has long been shown in record drawings as being within a right-of-way intended for this purpose. However, no formal easement was ever recorded, and recent building renovations have now encroached into this area. This easement is being established to formally document the standard utility rights needed by HBPW to continue operating and maintaining the existing sanitary sewer

*As part of the Consent Agenda, the Board of Directors approved an easement with Resthaven in the City of Holland for access to sanitary sewer for operations and maintenance, subject to approval as to form by the City Attorney.*

26.161 **Grant of Water Easement for 50 E. 64th - Runway View  
Bill of Sale for 50 E. 64th - Runway View**

Electric Steel LLC has provided an easement and bill of sale for a water main constructed at 50 E. 64th Street. The easement will allow HBPW to operate, maintain, and replace or repair as necessary, this water main within the Runway View Development.

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

Staff estimates the contributed capital for the water main as \$350,000.

*As part of the Consent Agenda, the Board of Directors approved an easement and bill of sale with Electric Steel LLC in the City of Holland for the access to water main for operations and maintenance, subject to approval as to form by the City Attorney.*

26.162 **Bill-of-Sale and Utility Easement at HOM Flats Apartments**

24 East Limited Dividend Housing Association Limited Partnership constructed the HOM Flats at the northeast corner of Waverly Road and 24th Street - 717 E. 24th Street. This development is complete with new water main and sewer main having passed acceptance testing and new customers being served by those utilities. The new public utilities consist of water mains from 24th Street through the apartment complex looped back to 24th Street, and sewer main from 24th Street to the apartment complex. The easement matches what was depicted on the approved construction plans.

Staff estimates the contributed capital as \$800,000 for the water main and \$240,000 for the sanitary sewers.

*As part of the Consent Agenda, the Board of Directors accepted a bill-of-sale and easement for underground utilities with 24 East Limited Dividend Housing Association Limited Partnership for the sum of less than \$1, pending approval as to form from the City Attorney.*

26.163 **Holland City Fiber Owner's Engineer - Contract Amendment, CTC Technology**

CTC Technology & Energy supports the Holland City Fiber (HCF) project as the HBPW owner's engineer through contract tracking, invoice and change order review, and quality assurance activities. The passings construction contract (with ex2) extends to December 31, 2026. In order to allow CTC to continue their work on this project we need to adjust the CTC contract end date from December 31, 2025, to June 30, 2027.

Additional language is added to this amendment to include Change Order #1 details. This formalizes Change Order #1 to the contract. Change Order #1 was approved by the Board June 9, 2025.

There are no new costs associated with this contract change.

*As part of the Consent Agenda, the Board of Directors approved an amendment to adjust the CTC Technology contract end date to June 30, 2027, pending approval as to form by the City Attorney.*

26.164 Action on Consent items:

Motion to approve, accept, or adopt Consent Agenda items	<i>Engbers</i>
Second	<i>Lilly</i>
Favor	<i>4</i>
Oppose	<i>0</i>

26.165 **Major Project Update**

*For information only*

26.166 **Financial Update – January 2026**

*For information only*

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26.167      **Construction Services Contract for 2026 Water Main Replacement Project for 8th Street and Waverly Road**

This water distribution project includes replacement of approximately 3,100 feet of 12-inch cast iron water main on 8th Street from US-31 to Paw Paw Drive, and on Waverly Road from 8th Street to 13th Street. These mains were originally installed in the 1960s and 1970s and will be replaced with new ductile iron pipe.

The project also includes horizontally directionally drilled (HDD) replacement of approximately 1,900 feet of 6-inch cast iron water main installed in the 1960s on Paw Paw Drive from 8th Street to Hope Avenue. This main will be upsized and replaced with new 8-inch HDPE pipe. In addition, approximately 1,100 feet of critical 20-inch concrete transmission main dating back to the 1940s will be replaced on Waverly Road from 10th Street to 13th Street with ductile iron pipe. This transmission main is a key component of the system, and its replacement will improve long-term reliability.

A new 8-inch HDPE water main will also be installed via HDD parallel to the existing main on Waverly Road north of 8th Street extending to near the Engedi Church to improve system redundancy and operational flexibility. The area north of this new main is currently fed by a single non-looped main, and any break in that main would cause widespread water outages along Chicago Drive.

The City Transportation Department is also participating in the project with replacement of pavement and construction of bike lanes along the 8th Street corridor to Paw Paw Drive to continue recent improvements completed west of US-31. Staff requested proposals from 21 construction contractors. Proposals were received from two contractors. Milbocker and Sons, Inc. submitted the lowest cost proposal that met the evaluation criteria. The proposals received are shown in the table below:

<b>Contractor</b>	<b>Proposal Fee</b>
Milbocker and Sons, Inc.	\$4,766,128.95
Wyoming Excavators, Inc.	\$5,307,763.40

As previously noted, the City Transportation Department plans to widen 8th Street and construct bike lanes as part of this corridor improvement. As a result, approximately 15% of construction costs will be the City's responsibility. This is pending the final quantities delivered for the project. The recommended HBPW construction work remains within the overall approved FY 2026 project budget of \$5M. While the project spans FY 2026 and FY 2027, the majority of construction expenditures are anticipated to occur in FY 2027.

*Recommendation: The Board of Directors approved a construction contract with Milbocker and Sons, Inc. in the amount of \$4,766,128.95, with a 10% contingency of \$476,612.90, for a total authorized amount of \$5,242,741.85, pending approval as to form by the City Attorney.*

<i>Motion to approve recommendation</i>	<i>Engbers</i>
<i>Second</i>	<i>Lynn</i>
<i>Favor</i>	<i>4</i>
<i>Oppose</i>	<i>0</i>

26.168      **FY26 Capital Budget Amendment and Contract for Transmission Main Inspection Pipe Modifications**

HBPW has contracted with HDR Inc for the inspection of approximately 13 miles of critical water transmission mains made of prestressed concrete cylinder pipe. During an initial phase of the inspection work, a site investigation was performed to identify any pipe features that could

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obstruct the inspection tool, and to identify the locations and work required for the extraction of the inspection tool.

During the investigation, HDR identified a location where an abandoned flow meter was left in the transmission main near the intersection of 168th Avenue and Perry Street. This flow meter must be removed prior to inspection. The flow meter is housed in a vault; and the work involves removing the cover of the vault, removing the pipe and flow meter, and replacing the pipe with new ductile iron pipe.

Two locations were identified for extraction of the inspection tool:

- The extraction point for the southern main will be at the terminal end of the transmission main at 32nd Street and Lugers Road where the tool can be captured in smaller diameter pipes, and the retrieval can be accomplished by HBPW crews.
- The best location for the northern main was found to be near the intersection of Howard Avenue and River Avenue in the concrete transmission main. Staff had originally planned on the tool traveling further along the transmission main and extracting it at its terminus in Pine Avenue; however, it was determined that the aerial crossing of the main over the Macatawa River posed too great of a risk for the tool to become stuck. Creating the extraction point at Howard Avenue requires excavation of the pipe and installation of a specialized tapping tee on the concrete main. The tapping tee is designed to tap directly into the concrete main, and a sub-contractor that specializes in this work (Rangeline Group) will be performing this work.

Proposals were solicited from contractors that have previously performed transmission main work for HBPW. Milbocker & Sons was the only contractor able to perform the work in the timeline needed for the first phase of the inspection to proceed this spring. Milbocker's proposal for removal of the flow meter is \$108,000; and the cost of creating the extraction point is \$197,000, for a total of \$305,000. The proposal does include allowances for groundwater dewatering that may not be needed depending on conditions at the time of construction.

Staff have also contracted with engineering firm Spalding DeDecker for an amount not to exceed \$29,000 for the design and inspection of the pipe modifications. Including this cost as well as an approximately 5% contingency of \$16,000 for the construction services yields a total cost of \$350,000. Some savings may be realized for construction and engineering if site conditions end up being favorable.

Since this work was not part of the original inspection plan and FY 2026 budget, an FY 2026 capital budget amendment in the amount of \$350,000 is needed for the approval of the construction services agreement.

*Recommendation: The Board of Directors approved a FY 2026 water capital budget amendment in the amount of \$350,000 and further approved a construction services agreement with Milbocker & Sons in the amount of \$305,000 with a contingency of \$16,000 for a total of \$321,000, pending approval as to form from the City Attorney.*

<i>Motion to approve recommendation</i>	<i>Lilly</i>
<i>Second</i>	<i>Lynn</i>
<i>Favor</i>	<i>4</i>
<i>Oppose</i>	<i>0</i>

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26.169 **FY 2027 Budget and Rate Recommendations**

The budget for FY 2027 has been prepared by staff and reviewed in detail by the HBPW Board Budget Committee.

The FY 2027 budget includes proposed rate adjustments where applicable. During the process of developing the budget, the operating and capital needs of the utilities were evaluated and a financial plan established to meet those specific needs.

The proposed FY 2027 consolidated expense budget totals \$153,705,638, representing a 12.8% increase from the prior year. The primary driver of this increase is Fuel and Purchased Power, which accounts for approximately 65% of the total increase, largely due to industrial sales growth and energy market price fluctuations.

The major expense categories and their respective shares of the consolidated expense budget are:

- 39.8% Fuel and Purchased Power
- 19.1% Wages & Benefits
- 14.1% Depreciation
- 19.7% Other Expenses
- 6.4% Contribution to the City
- 0.9% Interest on Bonds

Each utility continues to operate as a self-supporting enterprise fund, with revenues designed to recover the cost of providing service while maintaining appropriate reserves and supporting ongoing capital investment.

**Electric Utility**

The Electric Utility remains the largest component of HBPW operations, representing approximately 79% of the total operating budget.

Revenue projections are based on updated demand forecasts and expected wholesale market conditions. While operating income is projected to decline due to an increase in operating expenses (largely Purchased Power), overall cash flow remains strong; and apart from minor adjustments to the street lighting and market-based tariffs for large industrial customers, no rate adjustment is proposed for FY 2027.

As noted, key expense drivers include fuel and purchased power costs associated with forecasted sales growth as well as long-term maintenance agreements and scheduled maintenance activities.

The FY 2027 capital plan for Electric totals \$16.6 million, including \$3.2 million for gearbox replacements and \$5.3 million for ongoing underground and overhead distribution system improvements. All capital projects will be funded internally, and no new debt issuances are planned.

**Broadband**

The Holland City Fiber project continues to expand access to high-speed fiber internet throughout the community. FY 2027 Broadband revenues are expected to increase as additional customers are connected to the fiber network and adoption continues to grow. Growth in Fiber Internet monthly services is expected to gradually replace legacy services such as Active Ethernet and Dark Fiber leases as the network transitions to the citywide residential service model. Both revenue sources are projected to decrease by approximately 3%.

Key drivers for an increase in operating expenses include continued system expansion, increased maintenance and operational requirements, and the addition of one Fiber Optic Field Technician.

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The FY 2027 capital plan for Broadband totals \$1.9 million, with \$1.6 million comprised of Holland City Fiber customer drops. No new debt issuances are planned, and no rate adjustment is proposed for FY 2027.

**Water**

The FY 2027 Water budget continues to focus on maintaining safe, reliable service while continuing investments in infrastructure, conservation, and long-term sustainability. Water utility revenues are expected to increase over the prior year with planned adjustments designed to stabilize finances and support infrastructure needs. As with prior adjustments, the modifications to the rate structure are focused heavily to address irrigation demands.

Key drivers for an increase in operating expenses reflect continued costs for water treatment chemicals, production, and distribution system operations.

The FY 2027 capital plan for Water totals \$11.7 million, with \$3.3 million for Water Production and \$8.4 million for Water Distribution. Water Production project highlights include the Chemical Storage Facilities for \$1.0 million and third floor renovations at the Water Treatment Plant for \$800 thousand. Water Distribution project highlights include watermain replacements (Waverly, 8th, and Holland Heights) for \$4.5 million, watermain replacements (40th Street) for \$1.2 million and watermain replacements (Maplewood, 29th at Plasman) for \$1.0 million. No new debt issuances are planned.

**Wastewater**

The FY 2027 Wastewater budget continues to prioritize innovation within the physical constraints of our downtown location. Wastewater Utility revenues include a 3% rate adjustment to ensure long-term system sustainability (4.2% Readiness-to-Serve and 2.0% Commodity). This results in a slight increase in overall revenues year-over-year, despite some downward pressure on volume due to a resolution of a customer metering issue.

Key drivers for increases in operating expenses include ongoing treatment operations, chemical usage, and collection system maintenance. Wastewater continues to experience expense savings due to reduced biosolids costs resulting from the performance of the anaerobic digester.

The FY 2027 capital plan for Wastewater totals \$11.5 million, with \$6.2 million for Water Reclamation (WRF) and \$5.3 million for Collection System. Water Reclamation project highlights include the UV Disinfection and Disinfection Improvements for \$5.0 million. Collection System capital project highlights include Sewer Main Replacement (LG Funded) for \$2.2 million, Sewer System Rehabilitation for \$900 thousand, and Lift Station Rehabilitation (Lincoln) for \$700 thousand. No new debt issuances are planned.

**Summary of Operating and Capital Budgets (\$000)**

	Operating Revenue	Operating Expense	Operating Income	Capital
Electric	\$ 124,411	\$ 112,109	\$ 12,302	\$ 16,615
Broadband	4,743	4,137	606	1,923
Water	19,071	12,091	6,980	11,689
Wastewater	14,489	14,416	73	11,441
Administration				1,081

The contribution to the City is proposed at \$9,808,504, an 8% increase over FY 2026. This amount is calculated at 6.25% of the average of the prior three calendar years retail electric revenues, plus 50% of the prior year electric wholesale net marginal income. While the formula remains unchanged, higher prior-year wholesale revenues are the primary driver of the year-over-year increase.

Detailed FY 2027 operating and capital budget documents are attached.

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*Recommendation: The Board of Directors approved the FY 2027 budget and associated rate adjustments and forwarded to the City Council for inclusion in their resolution approving the budget for FY 2027.*

<i>Motion to approve recommendation</i>	<i>Lilly</i>
<i>Second</i>	<i>Lynn</i>
<i>Favor</i>	<i>4</i>
<i>Oppose</i>	<i>0</i>

26.170

**General Manager Comments**

- Our next meeting has changed to a Special Meeting. The date is March 23. We will meet once again at our 49 West Third Street location in the east conference room.
- April 6, our next Regular Meeting. The GM will be gone. Ted Siler will preside

26.171

**Board Comments**

- Lilly asked of our GM his thoughts regarding the big power consumer developments. Round table discussion, 7 companies who are involved with large data center operations.

**ADJOURNMENT**

A motion to adjourn the meeting of *March 9, 2026*, was made by *Lilly* supported by *Engbers* and agreed upon by the Board of Directors present.

The Board Meeting of March 9, 2026, adjourned at *5:36 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board