

REGULAR MEETING

The HBPW Board of Directors met
September 9, 2019
at 4:00 p.m.
in the Service Center Board Room
625 Hastings Ave.
Holland, Michigan

Chair Hemingway called the meeting to order at 4:02 p.m.

Members Present: Tim Hemingway, Diane Haworth, Phil Miller, Sue Franz, Paul Lilly, Ex Officio Members Bob Shilander and Keith Van Beek

Members Absent: Brian Lynn

Staff Present: Dave Koster, Janet Lemson, John Van Uffelen, Joel Davenport, Becky Lehman, Theo Van Aken, Jane Monroe, Pete Hoffswell, Pieter Beyer, Andrew Reynolds, Mark Gipson, Julie DeCook, Steve Bruinsma

20.026 **Board Minutes – Regular Meeting Minutes of August 12, 2019, and Study Session Minutes of August 26, 2019**

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

20.027 **Underground Utility Easement for 807 Pine Avenue, 85 West 34th Street, and 79 West 34th Street**

In an effort to improve reliability for HBPW electric customers and make associated infrastructure more accessible for the line crews to perform maintenance and repair, electric distribution engineering staff has been working to remove backyard primary lines.

Staff intends to remove the existing backyard primary between west 33rd and 34th Street and Pine and Central Avenue. The equipment and poles are at the end of life, requiring replacement to maintain reliability in this area.

The proposed changes involve replacing all poles and wiring, as well as installing some underground secondary wire from Pine Avenue to the east. In order to alleviate the inevitable voltage drop caused by feeding customers solely from Central Avenue, engineering seeks approval to adjust the current circuitry to begin feeding half the block underground from Pine Avenue and the other from Central. The homeowners have already given HBPW verbal permissions for the five foot wide general utility easements, allowing the installation of underground conductor along the property lines.

As part of the Consent Agenda, the Board of Directors accepted three Grant of Public Utility Easements on properties at 807 Pine Avenue, 85 West 34th Street and 79 West 34th Street, pending signatures from property owners.

20.028 **Construction Contract for Distribution Tank Painting and Repairs**

This project is based on recommendations from recent tank inspections and Holland's Community Water Supply Sanitary Survey completed in 2019. The tank inspection report recommended only pressure washing the elevated tanks and painting them within the next 3-5 years. The scope of this project includes exterior cleaning of the elevated water distribution tanks at 48th Street and M-40, and painting the Waverly ground storage tank. Miscellaneous mechanical repairs will also be done on the Waverly and 48th Street tanks.

A bid package was issued in August 2019 and bids were received from five industrial tank painting and repair contractors. The following table summarizes the received bids:

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

Bidder Name	BusinessLocation	Bid Amount	Meets Specification	Previous Contracts
Fedewa, Inc.	Hastings, MI	\$155,600.00	Yes	Y
Seven Brothers Painting, Inc.	Shelby, MI	\$217,900.00	Yes	Y
H2O Towers, LLC	Saline, MI	\$223,500.00	Yes	N
L.C. United Painting Co.	Sterling Heights, MI	\$230,000.00	Yes	Y
American Gjini Painting, LLC	Inkster, MI	\$295,000.00	Yes	N

BPW staff interviewed Fedewa as the apparent low bidder and recommends awarding the contract to Fedewa, Inc. as the lowest responsible bidder. The requested amount of \$171,200 is within the project budget of \$290,000.

As part of the Consent Agenda, the Board of Directors approved a contract with Fedewa, Inc. in the amount of \$155,600 and a 10% contingency of \$15,600 for a total of \$171,200, pending approval as to form from the City Attorney.

20.029 Harrington Easement Abandonment

The existing easement was for fiber equipment and electrical supply for the fiber equipment. The fiber infrastructure served Harrington Elementary School which no longer exists. The new property owner intends to subdivide the land and develop it as a residential area. HBPW has provided a proposal and is expecting to serve electricity to this future development.

As part of the Consent Agenda, the Board of Directors approved the abandonment of the existing easement, pending City Attorney approval as to form.

20.030 Action on Consent items:

Motion to approve, accept, or adopt Consent *Haworth*
 Agenda items
 Second *Miller*
 Favor *5*
 Oppose *0*

20.031 Communications from the Audience

None

20.032 Major Project Update

For information only

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20.033 Energy Risk Management Policy Deviation

The Holland Board of Public Works has an established Energy Risk Management policy that establishes the framework for wholesale market activities. Within that policy, the organization has established minimum and maximum hedge criteria that staff works within when hedging purchased power and fuel. Among these criteria are maximum hedge volumes at 90% of forecasted need for the current or next fiscal year, 80% for the second fiscal year forward, and 70% for the third fiscal year forward.

Due to the current favorability of the natural gas futures market, HBPW staff is seeking additional flexibility for fiscal years 2022 and 2023. To this effect, staff is seeking approval from the Board to increase the maximum hedge volumes in 2022 (the current second fiscal year forward) and 2023 (the current third fiscal year forward) from the policy levels of 80% and 70%, respectively, to 90% and 80% instead.

It is important to note that the total hedge calculations for the HBPW include all ownership entitlements (Belle River, Campbell 3, Renewables), power arrangements (bilateral agreements), and natural gas arrangements. As such, the hedge values in the policy do not mean that natural gas is being hedged to those values. Instead, the percent of natural gas hedged is generally expected to be 10%-20% lower than the total hedge.

It is also important to note that HBPW staff is seeking this approval as a one-time deviation from policy. Staff believes that the limitations as outlined in the policy are reasonable under normal market conditions and as such are not recommending any permanent changes to the policy at this time.

Recommendation: The Board of Directors approved a deviation from HBPW Results Policy R008 Energy Risk Management to increase the maximum hedge volumes for fiscal years 2022 and 2023 from 80% and 70% respectively, to 90% and 80% respectively.

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

20.034 Engineering Services Agreement for Water Reclamation Facility (WRF) Anaerobic Digester

In recent years, the WRF has seen large increases in disposal costs for the solids generated during the treatment process while also seeing disposal options shrink. A biosolids disposal alternatives analysis was performed in Fiscal Year 2018 to evaluate options to mitigate these risks. That study identified anaerobic digestion as the best alternative to address the issues. In Fiscal Year 2019, the viability of anaerobic digestion of WRF solids was confirmed via pilot testing; and cost estimates for the digestion process were refined via a conceptual design study. BPW staff used the conceptual design report that was produced as part of that study to develop an engineering services proposal and advertised it on July 10, 2019.

The Request for Proposal required consultants to submit two proposals, a Qualifications and Project Approach Proposal and a separate sealed Cost Proposal for staff to evaluate using a Qualification Based Selection process to comply with the Clean Water State Revolving Fund (SRF) requirements. BPW staff have submitted a project plan to the Michigan Department of Environment, Great Lakes, and Energy to obtain funding through their SRF program with the potential of Green Project Reserve (GPR) loan principal forgiveness.

Three proposals were received from consultants with wastewater, anaerobic digestion, and biogas use design expertise. BPW staff conducted phone interviews with all three firms and determined that all of the firms were highly qualified to successfully complete the engineering services required for the

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Recommendation: The Board of Directors approved the Final Settlement Agreement and PPA Amendment with NANR.

<i>Motion to approve recommendation</i>	<i>Haworth</i>
<i>Second</i>	<i>Miller</i>
<i>Favor</i>	<i>5</i>
<i>Oppose</i>	<i>0</i>

20.036 BOARD COMMENTS

It was determined that our September 23 Study Session will be

We have three seats available at the Chamber Annual Meeting held on September 27. Please let the Board Secretary know if you are interested in attending.

The website launch has gone well! Over 4,000 customers have signed up on our new portal.

ADJOURNMENT

A motion to adjourn the meeting of *September 9, 2019*, was made by *Lilly* supported by *Haworth* and agreed upon by the Board of Directors present.

The Board Meeting of September 9, 2019, adjourned at *5:21 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board

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