

**REGULAR MEETING**

The HBPW Board of Directors met  
**March 9, 2020**  
at 4:00 p.m.  
in the Service Center Board Room  
625 Hastings Ave.  
Holland, Michigan

**Chair Hemingway called the meeting to order at 4:01 p.m.**

**Members Present:** Tim Hemingway, Diane Haworth, Phil Miller, Sue Franz, Paul Lilly, and City Council Liaison Nathan Bocks

**Members Absent:** Bob Shilander, Keith Van Beek

**Staff Present:** Dave Koster, Janet Lemson, Joel Davenport, John Van Uffelen, Chuck Warren, Becky Lehman, Ted Siler, Shawna Vander Yacht, Pieter Beyer, Jane Monroe, Pete Hoffswell, Tamara Black, Jan Halstead, Julie DeCook, Angela Badran, Andrew Reynolds, Steve Bruinsma, Tracy York, Anne Saliers

20.104 **Board Minutes – Regular Meeting Minutes of February 10, 2020**

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

20.105 **Appointments to the Water System Advisory Council**

The Water System Advisory Council was established by ordinance in December 2018 and organized with Bylaws in March 2019 with the purpose of advising and reporting to the Directors of the HBPW relating to public awareness of lead in drinking water and compliance with new administrative requirements for the Lead and Copper Rule (LCR) adopted by the State of Michigan in June 2018. The Bylaws established five-year terms for the council members with initial terms tiered from one to five years, so that a single member's term expires annually.

The recommendation for replacement appointments retains one HBPW Director and one HBPW Superintendent capable of informing the Council on activities in both the treatment and distribution activities to comply with the LCR and communications with customers.

*As part of the Consent Agenda, the Board of Directors appointed Joel Davenport, HBPW Operations Director, to fill the two years remaining of Jim Vande Wege's term, and appoint Pieter Beyer, HBPW Water and Wastewater Services Superintendent, to a five-year term on the Water System Advisory Council.*

20.106 **Construction Contract for Service Center Condenser Replacement**

This project is based on a recommendation to replace the 30 ton McQuay air conditioning unit that cools the Service Center office spaces. The unit was installed in 1996 and is currently leaking R-22 refrigerant. The scope of work for this contract includes all work necessary to replace the existing unit.

A bid package was issued in February 2020, and bids were received from three mechanical contractors. The following summarizes the received bids:

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

Bidder Name	Business Location	Bid Amount	Meets Specification	Previous Contracts
Pleune Service Company	Grand Rapids, MI	\$57,555.00	Yes	N
Grand Rapids Industrial Process Services, Inc.	Grand Rapids, MI	\$59,725.00	Yes	N
Peerbolts, Inc.	Holland, MI	\$64,944.00	Yes	Y

BPW staff interviewed Pleune as the apparent low bidder and recommends awarding the contract to Pleune Service Company. The requested amount of \$63,310 is within the approved budget of \$80,000.

*As part of the Consent Agenda, the Board of Directors approved a Construction Services Contract with Pleune Service Company, Inc. in the amount of \$57,555, with a 10% contingency of \$5,755 for a total of \$63,310, pending approval as to form from the City Attorney.*

20.107 **Construction Services for WTP Filter Room Painting**

The Water Treatment Plant (WTP) filter room painting work includes painting portions of the filter room ceiling where existing paint is peeling. The existing coatings were applied five years ago, and the warranty period from the original painting contract has expired.

A bid package was issued February of 2020; bids were received from two industrial tank painting contractors. The following table summarizes the received bids:

<u>Bidder Name</u>	<u>Business Location</u>	<u>Bid Amount</u>	<u>Meets Specs</u>	<u>Previous Contracts</u>
Fedewa, Inc.	Hastings MI	\$48,999	Yes	Y
VanDerKolk Painting, Inc.	Grand Rapids MI	\$50,655	Yes	Y
Great Lakes Painting, Inc.	Holland MI	No Bid	N/A	Y
Elzinga & Volkers, Inc.	Holland MI	No Bid	N/A	Y

BPW staff interviewed Fedewa as the apparent low bidder and recommends awarding the work to Fedewa, Inc. as the lowest responsible bidder. This work scope will be added as a Change Order to Fedewa’s existing contract for the Distribution Tank painting Project. The amount of \$48,999 is within the WTP’s approved budget of \$60,000.

*As part of the Consent Agenda, the Board of Directors approved a change order for \$48,999 to Fedewa, Inc.’s Distribution Tank Painting and Repairs contract dated September 16, 2019, for a revised contract amount of \$204,599.*

20.108 Action on Consent items:

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

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20.109 **Communications from the Audience**

*None*

20.110 **Financial Update**

*For information only*

20.111 **Major Project Update**

*For information only*

20.112 **CIPP Lining and CCTV Inspection of Sanitary Sewers Affected by High Lake Levels**

Holland is currently experiencing record lake levels and increased precipitation that has caused very high groundwater levels. This has resulted in elevated infiltration of groundwater into the sewer system. In response to this condition HBPW staff have identified 7,500 ft. of clay sewers along the shores of Lake Macatawa and in high groundwater areas for lining. These clay sewers are being targeted for lining because they are at higher risk of failure due to unstable soils, and because they are a historically significant source of groundwater infiltration. Staff have also identified an additional 24,750 ft. of PVC sewer in the same areas for CCTV inspection to identify any other potential defects that should be mitigated

Corby Energy was the successful bidder for HBPW's current lining contract. The contract was awarded in April of 2019 with a value of \$264,525.00. This recommendation is for the addition of \$271,827.50 of work to that contract.

This brings the total value of the contract with Corby Energy to \$536,352.50, which is within the \$1,000,000 FY20 project budget for sewer lining.

*Recommendation: The Board of Directors approved an addition of \$271,827.50 in work to Corby Energy's sewer lining contract to complete lining and CCTV inspection of sewers in areas affected by rising lake levels and high groundwater tables.*

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

20.113 **FY 2021 Budget and Rate Recommendations**

The budget for FY 2021 has been prepared by staff and reviewed in detail by the HBPW Board of Director's Budget Subcommittee.

The FY 2021 budget includes proposed rate adjustments for each of the corresponding utilities. During the process of developing the budget, the operating and capital needs of the utilities are evaluated and a financial plan is established to meet those specific needs.

For the electric utility, approximately 41% of the annual operating expense is the cost of fuel and purchased power (including demand).

Other major expense items include depreciation and non-fuel production and maintenance, 18% and 13%, respectively, of annual operating expense. Capital projects for FY 2021 total \$6.9 million, including \$4.9 million for distribution system improvements. With the exception of a change to the LED streetlight rate, no rate changes are recommended for FY 2021. The broadband utility continues to grow, primarily in shared gigabit services. Operations and maintenance costs are about 63% of total operating expenses. Capital projects total \$647k, 58% of which are for fiber underground build, distribution and refresh projects. No rate changes are recommended for FY 2021.

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The water utility will expend about 49% of its operating budget on chemicals, production and distribution expenses. Private side lead service line replacements, at \$306k, are about 19% of distribution expenses. The \$5.9 million capital plan for FY 2021 includes \$2.5 million for water line replacements, \$1.2 million for the initial work on the 36-inch transmission line replacement/redundancy project, and \$787k to replace high service pumps at the water treatment plant. No rate changes are recommended for FY 2021.

The wastewater utility chemicals, treatment, and collections expenses represent 52% of the \$11.8 million operating budget. Capital needs total \$14.6 million, \$10 million (68%) of which is to continue the work on the anaerobic digester project. This project is expected to take a little over 3 years to complete, at an estimated total cost of \$32 million. About \$2.8 million will be spent on sewer main replacements, sewer lining and lift stations. In accordance with the rate plan approved in FY 2019, at 3.6% rate increase is recommended for FY 2021.

Highlights of the proposed FY 2021 operating and capital budgets (\$000):

Electric Utility:	
• Operating revenue	\$106,643
• Operating expense	74,170
• Net income	21,694
• Capital	6,872
Broadband Utility:	
• Operating revenue	\$ 1,690
• Operating expense	1,463
• Net income	224
• Capital	647
Water Utility:	
• Operating revenue	\$ 11,067
• Operating expense	7,736
• Net income	3,198
• Capital	5,861
Wastewater Utility:	
• Operating revenue	\$ 12,321
• Operating expense	11,758
• Net income	348
• Capital	14,592
Administrative:	
• Capital	\$ 1,462

Wages and benefits represent 18.8% of combined total expenses, consistent with the FY 2020 budget of 18.3% and FY 2019 budget of 18.5%.

The contribution to the City is proposed at \$7,968,900. This is \$312,624 (4.1%) higher than FY 2020. The amount is calculated at 6.25% of the average of the prior three calendar years retail electric revenues plus 50% of the prior calendar year electric wholesale net marginal income.

Detailed FY 2021 operating and capital budget documents are attached.

*Recommendation: The Board of Directors approved the FY 2021 budget and associated rate adjustments, and forwarded to the City Council for inclusion in their resolution approving the budget for FY 2021 at the May 13, 2020, City Council meeting.*

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

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

20.114 BOARD COMMENTS

*Our next meeting, a Study Session, is scheduled for March 23*

ADJOURNMENT

A motion to adjourn the meeting of *March 9, 2020*, was made by *Lilly* supported by *Haworth* and agreed upon by the Board of Directors present.

The Board Meeting of March 9, 2020, adjourned at *6:00 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board