REGULAR MEETING

The HBPW Board of Directors met
October 12, 2020
at 4:00 p.m.
Via Zoom Teleconference

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

Members Present:	Tim Hemingway, Diane Haworth, Sue Franz, Paul Lilly, P.J. Thompson, City Council Liaison Nathan Bocks, and Ex Officio Members Bob Shilander and Keith Van Beek
Members Absent:	None
Staff Present:	Dave Koster, Janet Lemson, Ted Siler, Chuck Warren, Becky Lehman, Joel Davenport, Steve Bruinsma, Pieter Beyer, Anne Saliers, Jane Monroe, Julie DeCook

21.060 **Approval of Agenda**

Motion to Approve the Agenda made by	*Lilly*
Second	*Haworth*
Favor	*5*
Oppose	*0*

CONSENT **Board Minutes – Regular Meeting Minutes of September 14, 2020, and Special Meeting Minutes of September 28, 2020**

21.061

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

21.062 **Declaration of Surplus Material - Fall 2020**

The HBPW has identified materials and equipment which are no longer pertinent for use. The attached lists show 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. Sold to companies specializing in inventory disposal
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, and forwarded to City Council for approval, the list of items ready to be declared as surplus.

21.063 **Calendar Year 2021 Board Meeting Schedule**

Currently, the HBPW's Board of Directors is scheduled to meet twice a month, once for a Regular Board Meeting, and once for a Study Session. Regular Board Meetings are scheduled on the first Monday following the first Wednesday City Council Meeting of the month. Study Sessions are scheduled for the fourth Monday of the month, except for holidays or known conflicts.

After the calendar year meeting schedule is approved, it is posted publicly with the intent to give adequate notice of Board meetings.

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

As part of the Consent Agenda, the Board of Directors approved the calendar year 2021 Board meeting schedule.

21.064 **Financial Review – August 2020**

Presented for information. No Board action required.

21.065 **Energy Risk Management Policy Update**

Periodic reviews to HBPW's Energy Risk Management policy are needed to assure that it remains current and cohesive with our Strategic Plan, appropriately reflects HBPW's risk tolerance, provides the tools and authorities necessary to achieve the desired risk mitigation, and includes appropriate controls and oversight. Working toward this goal, HBPW contracted with StoneX (formerly "FCStone") to review the existing Energy Risk Management policy and provide recommendations for potential improvements. The results of that review were then presented to the Board at the April 27, 2020, Board Study Session.

Since that time, the Risk Management Committee (RMC) has developed draft modifications to the policy to address StoneX's recommendations as well as other improvement opportunities identified by the committee. These proposed modifications were presented to the Board at its September 28, 2020 Study Session.

One change has been made to the policy from the version presented on September 28th. The modified policy presented at that time included a requirement that any hedges transacted based upon the catastrophic price protection trigger outlined in the policy would be made with a collar option. Currently HBPW performs all hedging activities through physical transactions that require fixed pricing rather than financial transactions that would allow for use of a collar. In order to start utilizing financial transactions HBPW will need to negotiate International Swaps and Derivatives Association (ISDA) agreements with counterparties and this is anticipated to take some time to implement. As such, the RMC wanted to assure that the language allowed for catastrophic pricing protection hedges in the interim period until those agreements can be put in place. For this reason, the language relative to these transactions has been updated from "shall" to "shall consider" the use of a collar. All other language in the policy remains unchanged from as presented on September 28.

As part of the Consent Agenda, the Board of Directors adopted the revisions to HBPW Delegation Policy D015-1 Energy Risk Management.

Action on Consent items:

Motion to approve, accept, or adopt Consent Agenda items	*Haworth*
Second	*Lilly*
Hemingway	*Y*
Haworth	*Y*
Franz	*Y*
Lilly	*Y*
Thompson	*Y*
Favor	*5*
Oppose	*0*

21.066 **Communications from the Audience**

None

21.067 **Major Project Update**

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For information only

21.068 **Alternative Fuel Vehicle and Equipment Purchasing Policy**

In 2012, the City adopted a Community Energy Plan (CEP) which established a CO2e goal of 10 metric tons per capita by 2050. Since transportation is responsible for about 17% of CO2e, the CEP Steering Committee initiated the drafting of a policy intended to encourage the purchase of the most cost-effective, least polluting vehicles and equipment possible while still meeting the operational requirements of the City and HBPW. The policy was completed earlier this year, has already been adopted by the City, and is now being presented for consideration and adoption by the HBPW Board.

Key elements of the policy include:

- Elimination of unnecessary vehicles and equipment
- An emphasis on environmentally responsible fleet management
- Increasing the use of alternative fuel vehicles and equipment, with a focus on ultimately fielding an all-electric vehicle and equipment fleet

The policy outlines measures of success as:

- Reduction of CO2e and other emissions
- Decrease in gasoline and diesel consumption
- Improved fleet utilization

The policy requires that the EPA Fuel Economy Guide be used to identify the most fuel efficient light duty vehicles. However, priority consideration can be given to operational and financial constraints when making selections. For other fuel using equipment, battery powered equipment shall be used when functionally equivalent to gasoline/diesel fueled alternatives.

Financial and operational exemptions to policy compliance are provided. The policy is not intended to force the acquisition of vehicles/equipment that do not meet operating/mission requirements or have life cycle costs greater than non-electric/alternative fuel alternatives.

The policy sets annual data tracking and reporting guidelines to enable objective tracking of the measures of success outlined above.

Recommendation: The Board of Directors adopted the Alternative Fuel Vehicle and Equipment Purchasing Policy.

Motion to approve recommendation	*Haworth*
Second	*Franz*
Hemingway	*Y*
Haworth	*Y*
Franz	*Y*
Lilly	*Y*
Thompson	*Y*
Favor	*5*
Oppose	*0*

21.069 **Purchase of a Mini Excavator, Skid Steer, and Trailer**

Background

For many years, the W/WW Maintenance Department has used a backhoe for excavation. Equipment advances over the last decade have turned many organizations away from backhoes and towards compact excavators and skid steers. There are several advantages to moving in this direction.

- Compact excavators offer a 360-degree swing range as opposed to a backhoe's typical 60degree range. This means less repositioning to reach into the excavation and move

material, and increased trench safety because spoils can be deposited farther from the trench.

• By using a mini excavator along with a skid steer, two people can move material simultaneously which significantly increases production.

• The mini excavator and skid steer also make less noise and are less disruptive to customers during repairs.

• The proposed equipment is more fuel efficient than the backhoe.

• The smaller size of the mini excavator allows it to fit into more places and has less impact on the surrounding area, which results in less restoration required after completing a job.

The current backhoe used by the Water/Wastewater Services group is 11 years old and fully depreciated. Given the age of the equipment and the above advantages a replacement of the backhoe with a mini-excavator and skid steer loader is recommended.

Equipment Selection

Staff received quotes from leading equipment suppliers and evaluated the capabilities of the proposed equipment. The key criteria were that the excavator should be able to dig 13' deep (which will reach a majority of our infrastructure), and be able to have enough horsepower to pull curbs and tear asphalt. Attention was also given to the type of buckets available, their ease and resilience of change over, the opportunity to add equipment such as a hydraulic hammer, and the size and weight with regard to transportation.

Based on quotes, test drives, specifications, and features staff recommend that the John Deere mini excavator and skid steers would serve HBPW's needs the best. The John Deere equipment was also the lowest cost option and will be purchased locally. Capabilities, reliability, repair service proximity, and price were among the reasons for this recommendation. A new trailer would also need to be purchased because the current backhoe trailer is not rated for the combined weight of a mini-excavator and skid steer.

Staff also researched electric options for the excavator and the skid steer but did not find any viable alternatives. Current electric equipment has limited run times of 2-4 hours, followed by lengthy recharge times and are very new to the market. This equipment is frequently needed for durations far exceeding this run time and an electric alternative is therefore not possible at this time.

Budget

The total cost of the mini excavator, skid steer, and trailer is $108,917.50. A comparison of the quotes received for the excavator and skid steer is provided in the following tables:

Excavator		Base Price
John Deere 60G (Recommended)	$	62,800
Takeuchi 260	$	68,000
Bobcat E85	$	80,700
Takeuchi 280	$	96,500
Takeuchi 290	$	99,000

Skid Steer		Base Price
John Deere 320 G (Recommended)	$	39,500
John Deere 318 G	$	39,900
Kubota SSV75	$	41,900
Takeuchi TL6CR	$	43,500
Bobcat T66	$	51,233

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Bobcat T76	$	56,237

The approved budget for the purchase of the excavator is $200,000. The backhoe will be auctioned and is expected to bring $35,000 - $40,000 based on current for sale prices of similar units.

The capital justification form for this purchase is specific to the excavator and does not include the skid steer in the description. This was an omission error in the justification form because the mini excavator does not function effectively without the companion skid steer loader to move materials and earlier capital justification forms included both pieces of equipment. The $200,000 cost estimate is based on the cost of the mini excavator and skid steer together.

Recommendation: The Board of Directors approved a purchase order with Greenmark Equipment in the amount of $103,917.00 for the purchase of a mini excavator and skid steer loader, and a purchase order with Holland Trailer Sales in the amount of $5,002.50 for the purchase of a trailer.

Motion to approve recommendation	*Haworth*
Second	*Lilly*
Hemingway	*Y*
Haworth	*Y*
Franz	*Y*
Lilly	*Y*
Thompson	*Y*
Favor	*5*
Oppose	*0*

21.070 **Park Township Water Meter Replacement Project**

The Park Township retail water agreement resulted in the addition of ~3,800 new retail water customers to HBPW's water system. Water usage by these customers is currently metered and read by Holland Township. The current meters measure water usage in 1,000 gallon increments, however, HBPW measures and bills water usage based on a 100 cubic foot (CCF) increments. While some of the current meters can be converted to measure in CCF, the majority of the meters are of a make and model where conversion is not possible. Additionally, the current meters transmit usage data via meter reading systems that are incompatible with HBPWs Advanced Metering Infrastructure.

Because of the incompatibility of the current metering system, HBPW solicited proposals for the replacement of the meters and installation of new meter transmitting units in the new Park Township retail area. An initial solicitation targeting local plumbing companies was performed, however, it resulted in unfavorable pricing because the scope of the work was larger than the companies were comfortable performing.

A second request for proposals was then issued targeting regional and national firms specializing in meter replacement projects. This solicitation resulted in two bids that had significant cost savings over the initial set of bids. A third bid from UMS was rejected because the bidder did not complete the bid form correctly, added alternate bid items, and included requirements to their bid that were in conflict with project specifications.

- Hydrocorp - $393,120
- Professional Meters Inc. - $490,754
- UMS - $384,142 (Bid rejected)

Based on the second round of bids a contract with Hydrocorp is recommended for the replacement of the ~3,800 residential water meters and installation of meter transmitting units.

To take advantage of the opportunity of having a contractor visit each of the service locations, HBPW has also tasked the contractor with performing a brief residential cross connection survey and

confirming the service line material for the Materials Inventory required by the Lead and Copper Rule. The charges for these tasks (~ $58k) will be expensed separate from the meter replacement project.

The approved FY21 capital budget for the Park Township water meter replacement project is $1.2M. The total Park Township meter replacement project includes the following activities and materials:

Meters, fittings and misc plumbing work =	$739,657
Hydrocorp meter replacement =	$374,432
Aclara upgrade and MTU's =	$245,000
L&G MTU's =	$195,172

In order to complete the total meter replacement project in FY21 a transfer from contingency in the amount of $354,261 is requested to increase the total approved budget to $1,554,261.

Recommendation: The Board of Directors approved a contract with HydroDesigns, Inc (DBA HydroCorp) in the amount of $393,120 with a 10% contingency of $39,312 for a total of $432,432, pending approval as to form from the City Attorney. In addition, approve a transfer from contingency in the amount of $354,261 for the completion of the Park Township meter replacement project.

Motion to approve recommendation	*Lilly*
Second	*Thompson*
Hemingway	*Y*
Haworth	*Y*
Franz	*Y*
Lilly	*Y*
Thompson	*Y*
Favor	*5*
Oppose	*0*

21.071 **Hybrid Bucket Truck Purchase**

Bucket trucks are primarily used to service our overhead electrical distribution system, traffic signals, and street lighting. The Electric Distribution Department has researched many varieties of the smaller 40 foot bucket trucks and has determined that a bucket truck from ETI, with the Volta hybrid option, will serve our needs well. The Volta hybrid option uses an automotive technology based power system developed in the Holland area. The DC power system is used to run the hydraulic system for the aerial lift without the need to run the diesel engine. The energy system can be charged through an advanced alternator while the vehicle is in motion or after hours while plugged into a charger.

For many years, ETI has had the market cornered with the telecommunication industry with their noninsulated boom technology. More recently, ETI developed the insulated boom technology for electric utility work and has been very competitive with other bucket truck vendors we have in our fleet. In 2017, ETI came in with the lowest cost truck during a request for pricing. We did not award the bid because of our uncertainty with the hybrid technologies available at the time, and ETI did not have local service for their boom and bucket maintenance. ETI now has a service vendor in Casnovia, the truck chassis maintenance can be performed at any Ford dealer, and Volta is located in Holland Charter Township. More recently, through research and discussions with utilities that own the ETI trucks with the Volta hybrid option as well as utilities that own competitor offerings, we are most comfortable recommending the Volta hybrid option versus other hybrid options.

The advantages of the hybrid system are: avoided maintenance and fuel savings due to reduced engine idling, reduced emissions, increased engine life, a safety advantage due to low voltage of the system (51V), and noise reduction to the public and the crews when a truck is performing aerial work. The Volta hybrid option adds 13% to the purchase price of the bucket truck. A quick analysis indicates a simple payback of the hybrid option, because of fuel savings of less than three years, in addition to the other benefits the hybrid option offers. The price of the ETI hybrid option was the second lowest bid when compared to other vendors in 2017. The quoted price of the ETI hybrid truck today is 7% more than the 2017 pricing, which is an expected inflationary increase.

Recommendation: The Board of Directors approved the purchase of a bucket truck with the hybrid option through ETI Manufacturing in the amount of $140,100 with a 5% contingency of $7,000 for a total of $147,100. The FY2021 budget includes $200,000 for this vehicle and tools.

Motion to approve recommendation	*Haworth*
Second	*Lilly*
Hemingway	*Y*
Haworth	*Y*
Franz	*Y*
Lilly	*Y*
Thompson	*Y*
Favor	*5*
Oppose	*0*

OTHER BUSINESS

Review and Potential Approval of the Plan For Study Session Topics

21.072 The prioritized list of items for future Board study sessions was reviewed and will be added to future monthly study sessions beginning with the October 26, 2020, meeting.

21.073 **Communication from the General Manager**

- Our next Board meeting will be a Special Meeting scheduled for October 26. The 26th meeting will include the annual audit review (a 2:30 Audit Committee meeting will take place a 2:30 p.m., prior to the Special Meeting).

- The Strategic Development Team Meeting will take place next Monday in City Council Chambers from 3-5 p.m.

21.074 **Communications from the Board**

- The October 26 meeting will be a Zoom meeting. If we were to begin to have in-person Board meetings, they would likely take place in the City Council Chambers so we could observe the proper social distancing.

- Living Sustainably Along the Lakeshore's next meeting is to be held in the Herrick Library October 13 from 6:30-8:00 p.m. If interested in attending, you must register on the Herrick Library website. The group will hold one more meeting in November.

ADJOURNMENT

A motion to adjourn the meeting of *October 12, 2020* was made by *Haworth* supported by *Lilly* and agreed upon by the Board of Directors present.

The Board Meeting of October 12, 2020, adjourned at *5:47 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board

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