

REGULAR MEETING

The HBPW Board of Directors met
August 10, 2020
at 4:00 p.m.
Via Zoom Teleconference

Chair Hemingway called the meeting to order at 4:00 p.m.

Members Present: Tim Hemingway, Diane Haworth, Sue Franz, Paul Lilly, P.J. Thompson, City Council Liaison Nathan Bocks, and Ex Officio Member Bob Shilander

Members Absent: Keith Van Beek

Staff Present: Dave Koster, Janet Lemson, Ted Siler, Becky Lehman, Chuck Warren, Joel Davenport, Amy Yost, Chris Van Dokkumburg, Theo Van Aken, Steve Bruinsma, Pieter Beyer, Andrew Reynolds, Jane Monroe, Barry Rutherford, Mike Radakovitz

21.019 **Board Minutes – Regular Meeting Minutes of July 6, 2020, and Special Meeting Minutes of July 27, 2020**

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

21.020 **Engineering Services for WTP High Service Pumps Upgrade**

Engineering services proposals were received in 2018 for the WTP High Service Pump project and design and bid phase services were awarded to Fishbeck at that time. The project design has been bid and construction phase engineering services are now required for the project. BPW staff recommends that Fishbeck is awarded an additional \$84,900 for the construction phase of the project.

This additional work scope of \$84,900 is within the engineering estimate for the project and will not require a transfer from contingency.

As part of the Consent Agenda, the Board of Directors approved a Change Order to Fishbeck's engineering agreement for the Water Transmission Main Improvements and High Service Pumps Upgrades for a not-to-exceed amount of \$84,900 and a contingency of \$8,500.

21.021 **CLEARResult Strategic Energy Management Program**

The purpose of the CLEARResult Strategic Energy Management program is to help large industrial customers achieve measurable, robust, and persistent energy savings through continuous improvement and employee engagement practices. It applies lean manufacturing techniques to find low-cost, no-cost energy savings over the course of a 14-month structured curriculum that includes training, consulting, energy modeling, and cohort discussions. HBPW first implemented this program in 2018/19. Customers averaged three percent in electric savings. This request is to renew the MSA in order to convene a second group of eight companies in 2020/21. Seven companies have already expressed interest in participating. SEMCO has committed to partnering in the program, covering the cost of gas consumption consulting and energy modeling.

The cost to us per customer for the electric portion is a fixed fee of \$18,500, which will be split over the 14 months. Similar to the 2018/2019 program, we will charge each customer 30 percent, or \$5,550, at the start of the program. Customers will be given the option to deduct tuition from their 2020 incentive cap in lieu of cash payment.

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If approved, the program will be implemented virtually, starting in September with a kickoff meeting. The timing allows us to spread the costs over two program years, and will fulfill much of the C&I pilot and education requirements of PA 295 until it sunsets municipal utilities at the end of 2021.

As part of the Consent Agenda, the Board of Directors approved the CLEAResult Master Services Agreement and the implementation of its Strategic Energy Management program in the amount of \$18,500 per customer, with customers contributing thirty percent (\$5,550), for a maximum of eight customers and \$148,000 (\$103,600), pending approval as to form from the City Attorney.

21.022 Electric and Fiber Underground Construction Services Agreement

HBPW maintains a construction agreement that covers the installation of underground electric lines and fiber optic cable and equipment. The current agreement with Precision Trenching, Inc. expires on June 30, 2021. In June 2018, when the Precision Trenching contract was awarded, it was estimated that the three year contract for underground construction was valued at approximately \$720,000 per year based on contract unit pricing and historical average annual footage installed. This past fiscal year (FY20) HBPW invested over \$2.1 million in new and rebuilt underground capital projects for electric and broadband services. This increase is a result of a rise in new construction and the recent implementation of a more ambitious updated underground cable replacement program.

In order to continue to meet the increasing underground construction needs of the HBPW, staff is recommending a second underground electric and fiber construction services contract. Precision Trenching is still expected to meet the majority of HBPW needs and Western Tel Com will perform work where needed to maintain the construction schedule. Western Tel Com, Inc. was the second lowest evaluated bidder in 2018 when this construction contract was bid and their pricing has been updated to reflect construction cost increases using the standard construction cost indexes used for the annual adjustment of Precision Trenching's unit costs. Western Tel Com will serve as an alternate contractor that will give HBPW greater flexibility to meet the demand for new customer construction while still keeping up with planned replacement of older infrastructure.

On a positive note, local underground construction costs for HBPW continue to be well below the national average cost per foot.

As part of the Consent Agenda, the Board of Directors approved a construction services agreement with Western Tel Com, Inc. pending City Attorney approval as to form, based on the unit pricing included in the attached agreement.

21.023 Action on Consent items:

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

21.024 Communications from the Audience

None

21.025 Major Project Update

For information only

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21.026 Engineering Contract for WRF Electrical Systems Improvements

The WRF electric feed comes onto the site through a switchgear located to the south of the West Administration Building. While the WRF has redundant electrical feeds from HBPW's electric utility, both of these feeds go to this primary switchgear. As such, it represents a single point of failure for the electric feed to the site.

The switchgear was installed as part of the 1980 expansion and is nearing end of life. The WRF conducted an initial engineering assessment using Theka and identified a plan to replace the aging switchgear and associated transformers. As part of the replacement, the electric system will be upgraded with two separate electric feeds being installed. One of these feeds will be at the site of the existing switchgear and the second feed will be located at the WRF east plant. This will provide true system redundancy without a single point of failure.

The need for this project was reinforced by a recent electric outage that occurred on 7/9/2020. A weather seal gasket fell from the top inside of the existing switchgear causing a short in the switchgear bus. This short caused a plant outage as well as a local outage of the BPW electric distribution system. The WRF was out of electricity for around 3 hours. The age of the existing switchgear was identified as the primary cause of the outage.

Significant safety concerns were also realized with the existing switchgear as a result of the outage. Currently, plant staff have to open a door of the switchgear to change supply circuits to the WRF. This exposes staff to danger as there is arc flash potential that is not mitigated by the switchgear enclosure when the door is open. While a temporary solution will be instituted to protect staff in the short term, the new electric feed design will eliminate this safety hazard as modern switchgear utilize motorized relays controlled remotely to change circuits.

Theka Associates completed a conceptual design study for the WRF in FY2019. Given the specialized nature of this design work as well as the current excellent working relationship between Theka and HBPW's Electric Distribution group, it is recommended that Theka be awarded the detail design contract.

This project is planned for construction in FY2022 in the WRF's five-year Capital Improvement Plant (CIP). However, due to the recent issue, WRF desires to expedite engineering and perform it in FY2021 so that the project will be ready to commence construction early in FY2022. A transfer from contingency is being requested since this work was not included in the approved capital improvement budget for FY2021.

Recommendation: The Board of Directors approved an engineering contract with Theka Associates, in the amount of \$28,712 with a contingency of \$2,900 (10%) for a total of \$31,612, pending approval as to form from the City Attorney. Additionally, approve a transfer from contingency in the same amount.

<i>Motion to approve recommendation</i>	<i>Lilly</i>
<i>Second</i>	<i>Haworth</i>
<i>Hemingway</i>	<i>Y</i>
<i>Haworth</i>	<i>Y</i>
<i>Franz</i>	<i>Y</i>
<i>Lilly</i>	<i>Y</i>
<i>Thompson</i>	<i>Y</i>
<i>Favor</i>	<i>5</i>
<i>Oppose</i>	<i>0</i>

21.027 Construction Services Contract for WTP High Service Pumps Upgrades and Transfer from Contingency

The High Service Pump Upgrade project replaces the two oldest (46 and 54 years old) of the four high service pumps that move water from the plant into the distribution system. These pumps are

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improperly sized for our current distribution system and cost 50% more to operate compared to the two newer pumps. In addition to replacement of the pumps, associated valving and electrical equipment, variable frequency drives (VFDs) will be added to further increase the efficiency of the new pumps.

Bids were received in July, 2020 from four qualified mechanical contractors. The following table summarizes the received bids.

Bidder Name	Business Location	Bid Amount	Meets Specification	Previous Contracts
Franklin Holwerda	Wyoming, MI	\$1,354,000	Yes	Yes
Allied Mechanical Services	Kalamazoo, MI	\$1,398,900	Yes	Yes
DHE Plumbing & Mechanical	Grandville, MI	\$1,549,000	Yes	Yes
Northwest Kent Mechanical	Cedar Springs, MI	\$1,611,900	Yes	Yes

BPW staff interviewed FHC as the apparent low bidder. Based on the bid review, staff recommends awarding the contract to Franklin Holwerda as the lowest responsible bidder.

The total engineering costs for the project of \$215,000, combined with the requested construction contract and contingency amount of \$1,422,000, exceeds the approved project budget of \$1,547,000 by \$90,000. Therefore, a transfer from contingency of \$90,000 is also requested to increase the total project budget to \$1,637,000.

Recommendation: The Board of Directors approved a contract with Franklin Holwerda Company in the amount of \$1,354,000 with a 5% contingency of \$68,000, pending approval as to form from the City Attorney. Also, approve a transfer from contingency of \$90,000 to the project budget.

<i>Motion to approve recommendation</i>	<i>Haworth</i>
<i>Second</i>	<i>Franz</i>
<i>Hemingway</i>	<i>Y</i>
<i>Haworth</i>	<i>Y</i>
<i>Franz</i>	<i>Y</i>
<i>Lilly</i>	<i>Y</i>
<i>Thompson</i>	<i>Y</i>
<i>Favor</i>	<i>5</i>
<i>Oppose</i>	<i>0</i>

21.028 **Combustion Turbine Borescope Inspections**

General Electric (GE) is the Original Equipment Manufacturer (OEM) of Units 6, 7, 8 and 9 Combustion Turbine-Generators (CTG) and recommends annual borescope inspections as an important part of an owners' preventative maintenance program. Borescopes can identify internal defects such as erosion, cracks, corrosion and deformation to combustion components, blades, and rotors long before they become operational issues. In the past, based on operating experience, HBPW has performed borescope inspections during hot gas path or combustion inspections and in between those inspection intervals, but not on an annual basis. HBPW desires to strengthen our preventative maintenance program to assure reliability of the units and is now transitioning to an annual program in alignment with GE recommendations.

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In preparation for borescope services, a number of borescope plugs that allow access to the units for borescope inspections have been found to be stuck. These plugs will, in turn, require extra services for removal before the inspection can take place. Otherwise, a complete borescope of the units cannot be completed and important portions of the inspections may be missed. For example, at least one of these stuck borescope plugs is preventing a critical inspection on Unit 8 that is highly recommended by the OEM via a Technical Information Letter (TIL).

Concerns with not being able to complete thorough inspections have prompted HBPW to request mechanical services from GE to drill out, tap, and replace the stuck plugs. Being the OEM of the equipment, GE should have the best tooling and techniques to complete the work efficiently. Other borescope inspection firms do not offer mechanical services, and gas turbine mechanical service companies do not offer borescope gas turbine borescope services. Therefore, GE was chosen because they can offer all requested services without the need of a third party.

The cost of the borescope inspections and engineering review is \$31,000, which is comparable to past experience. Due to the need of mechanical services for the stuck plugs, we are asking for additional funds to cover those services. An estimate of one full day of mechanical services and a replacement plug per unit accounts for the additional \$51,510 in the contract amount. The requested contingency of \$96,520 accounts for an additional two days of mechanical services per unit and two borescope plugs per unit. The actual final cost will be dependent upon the actual number of borescope plugs that require GE's mechanical services.

Bidder Name	Business Location	Quote Amount	Meets Specifications	Previous Contracts
General Electric (GE)	Schenectady, NY	\$ 82,510	YES	YES

Recommendation: The Board of Directors approved a contract with General Electric in the amount of \$82,510 with a contingency of \$96,520 for a total of \$179,030, pending approval as to form from the City Attorney.

<i>Motion to approve recommendation</i>	<i>Haworth</i>
<i>Second</i>	<i>Lilly</i>
<i>Hemingway</i>	<i>Y</i>
<i>Haworth</i>	<i>Y</i>
<i>Franz</i>	<i>Y</i>
<i>Lilly</i>	<i>Y</i>
<i>Thompson</i>	<i>Y</i>
<i>Favor</i>	<i>5</i>
<i>Oppose</i>	<i>0</i>

21.029 Construction Contract Administration Services for Anaerobic Digester Project

In 2019, BPW staff received engineering proposals from three qualified consultants and awarded a contract for the Anaerobic Digester project's design and bid phase engineering services to Donohue and Associates, Inc. The Construction Contract Administration (CCA) services were not awarded at that time. Donohue has completed the design and CCA services are now required to support the construction activities planned to begin after approval of the SRF loan on September 30th.

Donohue's original proposal included CCA services that were based on the project scope and parameters identified in the request for proposals. However, additional equipment and processes were added during detailed design, increasing the project scope and the planned construction duration also increased by ten months. The amount requested for this change order reflects the additional time

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needed for administration of the additional scope items and construction observation and field inspections for the increased construction duration.

BPW staff reviewed CCA costs from previous major construction projects and found that those projects averaged approximately 4% of direct construction costs. The revised proposal from Donohue aligns very closely to this historic average. It is also interesting to note that even with the additional services due to the revised scope, Donohue’s revised contract amount of \$2,440,725 remains less than the other two proposal prices originally received.

The requested Change Order amount of \$1,191,395 and additional contract contingency of \$60,000 is included in the approved project budget amount of \$33.7 million.

Recommendation: The Board of Directors approved a Change Order in the amount of \$1,191,395 and a contract contingency of \$60,000 to Donohue and Associates, Inc.'s engineering services contract.

<i>Motion to approve recommendation</i>	<i>Haworth</i>
<i>Second</i>	<i>Franz</i>
<i>Hemingway</i>	<i>Y</i>
<i>Haworth</i>	<i>Y</i>
<i>Franz</i>	<i>Y</i>
<i>Lilly</i>	<i>Y</i>
<i>Thompson</i>	<i>Y</i>
<i>Favor</i>	<i>5</i>
<i>Oppose</i>	<i>0</i>

21.030 **Construction Services Contract for James De Young Site Excavation**

A Phase II Environmental Site Investigation conducted in 2019 of the James De Young power plant site identified impacted soils around the exterior of the plant structure that exceeded applicable Michigan cleanup criteria. A bid package for services to remove, properly dispose of the soils, and backfill with clean material was issued in July of 2020. Bids were received from three contractors qualified to perform remediation work in Michigan. The following table summarizes the received bids.

Bidder Name	Business Location	Base Bid	Total with Alternate #1	Previous Contracts
Job Site Services	Bay City, MI	\$130,202.80	\$122,677.00	No
SET Environmental	Grand Rapids, MI	\$117,820.00	NA	Yes
Taplin Enterprises	Kalamazoo, MI	\$102,567.68	\$95,634.62	Yes

After review of the bids and interviewing Taplin, BPW staff recommends awarding a contract to Taplin Enterprises, LLC as the lowest responsible bidder. The requested contract amount of \$95,634.62 includes a deduct to the base bid by accepting Alternate #1 for use of a less expensive clean fill with similar performance. The total requested amount of \$105,234.62 is within the amount budgeted for the remediation work.

Recommendation: The Board of Directors approved a contract with Taplin Enterprises, LLC in the amount of \$95,634.62 and a contingency of \$9,600, pending approval as to form from the City Attorney.

<i>Motion to approve recommendation</i>	<i>Lilly</i>
<i>Second</i>	<i>Thompson</i>
<i>Hemingway</i>	<i>Y</i>

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<i>Haworth</i>	<i>Y</i>
<i>Franz</i>	<i>Y</i>
<i>Lilly</i>	<i>Y</i>
<i>Thompson</i>	<i>Y</i>
<i>Favor</i>	<i>5</i>
<i>Oppose</i>	<i>0</i>

21.031 Revised Purchasing and Contracts Policy

The revised Purchasing & Contracts Policy was initially introduced for discussion at the July 6, 2020, Regular Board Meeting, and further discussed at the July 27, 2020, Special Meeting. Based on those discussions, the following changes have been made to the revised Policy:

Under the Reporting section,

- the following language has been removed: Contracts for services or goods in an amount greater than \$100,000
- the following amendment has been made: Non-competitive emergency procurements in an amount greater than \$100,000

These changes were made due to the requirement of Board approval for contracts over \$100,000 in the Contract Approval section, as reflected in the following amended language:

- All contracts (excluding those for inventory replenishments) with a total cost over \$100,000 shall be presented to the Board for review and approval.

As a reminder, the acquisition of fuel and purchased power are governed by the authority and procedures within the HBPW Energy Risk Management Policy R008.

Recommendation: The Board of Directors approved the revised Purchasing & Contracts Policy as amended.

<i>Motion to approve recommendation</i>	<i>Haworth</i>
<i>Second</i>	<i>Franz</i>
<i>Hemingway</i>	<i>Y</i>
<i>Haworth</i>	<i>Y</i>
<i>Franz</i>	<i>Y</i>
<i>Lilly</i>	<i>Y</i>
<i>Thompson</i>	<i>Y</i>
<i>Favor</i>	<i>5</i>
<i>Oppose</i>	<i>0</i>

21.032 HBPW Board Committee Formation

Governance Policy G-006 Board Committees allows the Board to create and empower a committee when there is a need for a more in-depth review of information.

The results of the Board survey were presented at the Special Meeting held on July 27, 2020, at which time, an analysis of the findings was presented and discussed. The Board expressed an interest in forming a Board Committee to explore the results and recommendations of the survey

Recommendation: The Board of Directors will create a committee to address Board Self-Assessment at our next scheduled Regular meeting..

21.033 BOARD COMMENTS

The next meeting of the HBPW Board is a Study Session scheduled for August 24. The next scheduled Regular Board meeting is September 14.

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The first bills to Park Township (water) will be mailed the week of August 24.

ADJOURNMENT

A motion to adjourn the meeting of *August 10, 2020*, was made by *Haworth* supported by *Lilly* and agreed upon by the Board of Directors present.

The Board Meeting of August 10, 2020, adjourned at *5:43 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board