

REGULAR MEETING

The HBPW Board of Directors met
March 6, 2023
at 4:00 p.m.
625 Hastings Ave.
Holland, Michigan

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

Members Present: PJ Thompson, Tim Hemingway, Carolyn Maalouf, Paul Lilly, and Ex Officio Member Keith Van Beek

Members Absent: Beth Snyder, Dave Couch, Nathan Bocks

Staff Present: Dave Koster, Janet Lemson, Ted Siler, Becky Lehman, Chuck Warren, Joel Davenport, Tracy York, Shawna VanderYacht, Chris VanDokkumburg

23.172 **Approval of Agenda**

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

23.173 **Board Minutes – Regular Meeting Minutes of February 6, 2023, and Study Session Minutes of February 27, 2023**

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

23.174 Action on Consent items:

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

23.175 **Communications from the Audience**

None

23.176 **Major Project Update**

For information only

23.177 **40 Ton Condenser Unit Replacement and Ice Bank Storage Removal**

The existing condenser unit at the Service Center is past its useful life and needs to be replaced. The estimate we received when budgeting for this replacement in the fall of 2021 was approximately \$85,000, so the approved budget reflected what we knew at the time. The price of a new 40-ton condensing unit is now significantly higher because of inflation. In speaking with the vendors, they anticipate that the costs will continue to go up over the next few years. The chart below shows the bid results.

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

costs up 13.1%. Capital projects for FY 2024 total \$17.6 million, of which \$9.5 million (54%) are for distribution system improvements. All of the capital projects are internally funded.

A 3.5% rate increase is proposed.

Broadband

With the recent millage approved for expansion of the shared gigabit service, the Broadband utility expects a rapid increase in new customers. Operating costs are budgeted to increase about 56% as staff capacity is ramped up to facilitate system expansion. Capital expenditures for FY 2024 are budgeted at \$9.3 million, with all but \$700k slated for the expanded services.

No rate increase is proposed for FY 2024.

Water

Water utility revenues are expected to increase 5.8% over the FY 2023 budget. Operating expenses are budgeted to increase 12.4%, driven by higher unit volume and significant chemical cost increases. The Water utility will expend about 51% of its operating budget on chemicals, production, and distribution expenses. Included in this amount is \$780k for lead service line replacements. The capital plan, totaling \$8.4 million, includes \$1.3 million for initial work on alternative chemical storage solutions for the water treatment plant, \$6.1 million for distribution system replacements/improvements, and \$240k for new field vehicles.

A 5.0% rate increase is proposed for FY 2024

Wastewater

The Wastewater utility is expected to see a 4% increase in operating revenues over the FY 2023 budget, mostly due to a proposed 3.6% rate increase. The utility will expend 46% of its operating budget on chemicals, treatment, and collections expenses, down slightly from the FY 2023 budget. Capital projects will total about \$9.4 million in FY 2024. About 68% of this amount, \$6.4 million, will be spent on reclamation facility improvements and the final effort on the anaerobic digester. The remaining \$3 million is for collection system rehab/repairs including \$1.9 million related to lift stations.

A 3.6% rate increase is proposed for FY 2024.

Summary of Operating and Capital Budget (\$000)				
	Operating Revenue	Operating Expense	Net Income	Capital
Electric	\$ 104,354	\$ 93,385	\$ (1,074)	\$ 17,579
Broadband	2,198	2,246	(34)	9,263
Water	13,893	10,813	2,749	8,373
Wastewater	13,445	12,715	900	9,354
Administration				1,199

The contribution to the City is proposed at \$9,641,232, an increase of \$1,184,376 over FY 2023. 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. Detailed FY 2024 operating and capital budget documents are attached.

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Recommendation: The Board of Directors approved the FY 2024 budget and associated rate adjustments and forward to the City Council for inclusion in their resolution approving the budget for FY 2024.

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

23.179

General Manager Comments

- MPPA Stakeholders meeting at Frederik Meijer Garden on May 18, Thursday
- APPA June 16 – 21, 2023, in Seattle
- ACE23 AWWA Conference for Water June 11 – 14, 2023, in Toronto
- Next meeting likely be changed to a Special Meeting, March 27. Topics will include Health-Safety-Regulatory Updates, parts procurement for Holland City Fiber, and a sales agreement with realtor, Bernie Merkle, for the property on Hillside Trail.

23.180

Board Comments

- Thank you to the staff for all their efforts in putting together the annual fiscal budget

ADJOURNMENT

A motion to adjourn the meeting of *March 6, 2023*, was made by *Lilly* supported by *Maalouf* and agreed upon by the Board of Directors present.

The Board meeting of March 6, 2023, adjourned at *6:05 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board

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