

REGULAR MEETING

The HBPW Board of Directors met
January 8, 2018
at 4:00 p.m.
in the Service Center Board Room
625 Hastings Avenue
Holland, Michigan

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

Members Present: Tim Hemingway, Diane Haworth, Sue Franz, Phil Miller, Jim Storey City Council Liaison Brian Lynn (arrived at 4:45), and Ex Officio Member Greg Robinson

Members Absent: Bob Shilander

Staff Present: Dave Koster, Janet Lemson, Chuck Warren, John Van Uffelen, Becky Lehman, Ted Siler, Joel Davenport, Steve Bruinsma, Pete Hoffswell, Judy Visscher, Jane Monroe, Kevin Koning, Mark Gipson, Tracy Jousma

18.098 **Board Minutes – Regular Meeting of December 12, 2017**

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

18.099 **Extension of Dredge Site Easement and Right-of-Way Agreement with the Michigan Department of Natural Resources**

In 1996, the City of Holland entered into an easement and right-of-way agreement with the Michigan Department of Natural Resources Parks and Recreation Division for the placement of materials from dredging of the Inner Channel of Lake Macatawa by the US Army Corps of Engineers (USACE). The site is used and maintained by USACE for continued dredging operations while BPW staff currently manages the removal of material (sand and dirt) for beneficial use within the Macatawa watershed. The material is free to those willing to take it and arrange for its removal.

The extension of this agreement allows USACE to continue to maintain the property as well as use it for the placement of additional material from the dredging of the inner channel of Lake Macatawa.

As part of the Consent Agenda, the Board of Directors approved a 20-year extension of the agreement with the Michigan DNR Parks and Recreation Division for an easement and right-of-way to the site used for the placement of dredging material from the Inner Channel of Lake Macatawa at Holland Harbor, subject to approval as to form by the City Attorney.

18.100 **Bucket Truck Replacement**

The bucket truck is primarily used to raise the workers to their elevated work location. The recommended bucket truck is based on an existing truck purchased in 2015. The request for pricing was performed with NJPA pricing using a sealed bid process. NJPA is an extended purchasing program which allows units of government to use national contracts to buy goods and services. HBPW saves time and money by avoiding its own bidding process and taking advantage of lower costs established by NJPA through their competitive bidding processes. The existing Truck 47, a 2005 Ford F550, will be auctioned with an anticipated sale price greater than \$10,000.

ETI was lowest price bid but did not meet specifications with the rust proofing requirement, wheel

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chocks, and omitting fender flares. ETI is located in Oklahoma which could cause challenges for warranty work if it's needed, versus Cannon's location in Michigan.

The FY2018 budget amount for the bucket truck purchase, less trade-in value, is \$120,000.

Bidder Name	Location of Business	Quote Amount	Meets Specification	Previous Contracts
ETI	Oklahoma City, OK	\$104,979	N	N
Cannon	Shelby Township, MI	\$106,163	Y	Y
Utility 1 Source	Union Grove, WI	\$112,600	Y	N
Altec	Birmingham, AL	\$118,073	Y	Y

As part of the Consent Agenda, the Board of Directors approved the purchase of one new Versalift Telescopic Articulating Aerial Device Bucket Truck from Cannon Inc. for a price of \$106,163 with \$2,000 contingency, and declare the existing bucket Truck 47 surplus.

18.101 Resolution for Sale and Purchase of Renewable Energy Credits (RECs)

The RECs from our resources within the PJM ISO (SE Berrien Landfill and Wildcat Wind) continue to have a higher value than the MIRECS market for RECs from our Michigan MISO resources. We can receive a greater value for these PJM RECs by selling them rather than having them transferred into the MIRECS system to meet RPS compliance requirements. Proceeds from the sale of these RECs will be used to buy MIRECS to meet our Michigan RPS needs, with the remaining value credited toward the cost of renewable energy. The process of BPW Board and City Council approval for the sale and purchase of RECs makes it difficult to complete agreements with counterparties in a timely manner. Staff approval up to the specified dollar amounts in the attached Resolution will continue to streamline this process and satisfy counterparty timing requirements. All agreements will be approved as to form by the City Attorney, and completed REC sales and purchases will be reviewed with Board and Council at the next available meeting.

As part of the Consent Agenda, the Board of Directors approved a renewal of the resolution to allow for the sale of RECs from our PJM renewable energy resources, with authorization of the BPW General Manager, up to \$500,000 per transaction and \$1,500,000 annually. Allow the purchase of replacement MIREC's, with authorization of the BPW General Manager, up to \$100,000 annually, and send to City Council with resolution for their approval.

18.102 2018-2019 Engineering Services Request for Proposals

Adjustments in staffing within the Water/Wastewater Services Department have intentionally reduced the number of BPW staff available for dedicated on-site inspection with the intent of developing more flexible and cost-effective contracts with consultants who regularly provide these services. The bid results provide for a veteran construction inspector with a surveying background to perform full-time construction inspection (60 hours per week) during the construction season as well as professional survey, design, and contract administration services for approximately 6% of the total project budgets.

The RFP included inspection services for two construction seasons spanning five projects, and engineering survey, design, and contract administration for three projects, including 19th Street in 2019. The two projects not included in the engineer's design scope are water main replacement projects that will be designed and administered by BPW engineering staff (28th Street from Central to Lincoln, and Cypress Avenue south of 10th Street, including 12th Street). Also included in 2018 are two consultant-designed projects, the 32nd Street water main replacement project near Brooks Avenue to improve reliability for Brooks Beverage and Thermotron as well as the 21st Street water main and sanitary sewer replacement project from Van Raalte to Cleveland. Approving an engineering contract now for the large City/BPW joint project on 19th Street for

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2019 allows an engineer to proceed with survey and design services during the summer of 2018. This will allow for both a more carefully considered/crafted design as well as bidding early for the 2019 construction season. This should result in a notable overall savings in projects costs.

The projects and respective budgets are shown in the table below:

Calendar Year	Project Name	Budget
2018	Water Main Replacement, 32nd Street, American Bottling and Thermotron Reliability	\$ 600,000
2018	Water Main Replacement 28th Street, Central to Lincoln	700,000
2018	Cypress Ave 10th-12th, 12th to Glendale	350,000
2018	Water/Sewer Main Replacement, 21st, Van Raalte to Cleveland	1,000,000
2019	19th Street Reconstruction, Cleveland to Central	5,100,000

Proposals were received from seven consultants with OMM as the low bidder. A post-bid interview with OMM confirmed the consultant's ability to complete the projects. The bid tabulation is summarized in the table below:

Company Name	Total Proposed Fee
OMM Engineering	\$ 448,400
Paradigm Design	452,900
Wade Trim	556,726
Holland Engineering	588,360
Wightman & Associates	588,622
Moore & Bruggink	628,100
AECOM	1,156,510

The projects were bundled together to produce the best pricing for the work and to secure the services of experienced inspection. OMM engineering selected their most experienced and capable inspector as they saw the projects as an opportunity to secure a steady backlog for their staff. As also demonstrated by the interest from the consulting community, BPW staff considered the design of the RFP and the steady utilization of consulting resources to be an attractive project leading to very effective pricing.

As part of the Consent Agenda, the Board of Directors approved a contract with OMM Engineering, Inc. in the amount of \$448,400, with a 10% contingency on design services of \$22,330 and a 20% contingency on construction inspection services of \$45,020, for a total of \$515,750, pending approval as to form from the City Attorney.

18.103

Adjust Water and Sanitary Sewer Charges and Assessments

Frontage charges and stub fees associated with the installation of utilities across/in front of a parcel are based on actual costs and then adjusted annually from the Construction Cost Index (CCI) published by the Engineering News-Record (ENR). By ordinance, every third year, actual, locally-experienced costs are reviewed to ensure that our charges and assessments reflect true costs. The last such review took place in 2016 to adjust the 2017 rates. Subsequently, the 2018 rate adjustment for frontage and stub fees will be adjusted based only on the CCI, which has increased 3.3% year over year.

The current trunkage policy (a one-time charge associated with new water meter demands) was established in 2001; and per policy established in the Rate Book, charges are adjusted each year based on the CCI. Historically, the trunkage charge has been adjusted based on the previous year's rates. This method has the potential to compound rounding effects or errors in previous calculations. Staff has adjusted this calculation to reference the CCI near when the trunkage

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rates were originally established and use the net inflationary impact instead of compounding impacts year over year. This method will provide more reliable rates in the future but will cause a slight decrease in the water trunkage charge for 2018.

Please see the table below for the recommended rates and rate changes from 2017 to 2018:

Category	2017	2018 Proposed	% Increase
Sewer Frontage/Foot	\$ 50.00	\$ 51.50	3.0%
Sewer Trunkage/REU	2,456.00	2,550.00	3.8%
6" Lateral/Each	1,485.00	1,535.00	3.4%
Water Frontage (Residential)/Foot	43.50	45.00	3.4%
Water Frontage (Comm'l/Industrial)/Foot	51.00	53.00	3.9%
Water Trunkage/REU	891.00	854.00	-4.2%
1" Service/Each	1,500.00	1,550.00	3.3%
1.5" Service/Each	2,150.00	2,220.00	3.3%
2" Service/Each	2,450.00	2,530.00	3.3%

As part of the Consent Agenda, the Board of Directors approved for use the proposed fee schedule for frontage, stub, and trunkage charges.

18.104

Action on Consent items:

Motion to approve, accept, or adopt Consent Agenda items	<i>Storey</i>
Second	<i>Haworth</i>
Favor	<i>5</i>
Oppose	<i>0</i>

18.105

Communications from the Audience

The General Manager acknowledged over the holidays Mr. Robert Dykstra’s letter following progress of the South Shore Drive Project, Holland Energy Park, snowmelt he was “glad he tuned in to watch our televised Board Meetings because they were not boring.”

18.106

Financial Review – November 2017

For information only

18.107

Major Projects Update

For information only

18.108

System Interconnect Facilities Agreement with Michigan Electric Transmission Company (METC)

The Board of Directors approved a resolution recommending the sale of two breakers and associated equipment, located within Black River Substation, in October 2017. The sale of these breakers and associated equipment requires revisions to our interconnect agreement with METC. Currently our interconnection points are located within the Black River Substation at switches 182 and 382 for our Greenly and Waverly lines. A new interconnect agreement transfers the point of interconnect from switches 182 and 382 to the lines, owned and operated by Holland BPW, that attach to switches 184 and 384, located at the property known as Black River Substation, 11109 Chicago Drive, Zeeland, MI 49464.

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The purpose of this agreement is to set forth the terms and conditions for the interconnection, operation, and maintenance of these systems. Under the agreement, METC shall have full responsibility of the equipment at Black River. The sale of the breakers and new interconnect agreement will support the exception to transmission owner/ transmission provider registration recently ruled by NERC.

Recommendation: The Board of Directors approved the attached System Interconnect Facilities Agreement with METC, pending City Attorney approval. Forward to Council for approval.

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

18.109 **28th Street, Central Avenue to 'River Avenue', Change Order, and Transfer From Contingency**

The 28th Street project rerouted sanitary sewer main that traveled along the former River Avenue right of way. At some point the right of way was abandoned and homes were built during the 1960's. The BPW discovered the portion of sanitary sewer that ran between 28th and 27th Streets was in danger of collapsing during televising for the SAW grant project.

Kamminga & Roodvoets was the only bidder on the original contract. The Board approval for 28th Street was as follows, "Approve a contract with Kamminga & Roodvoets, Inc. in the amount of \$326,551.90, with a 10% contingency, for a total project budget of \$359,207.09, pending approval as to form from the City Attorney."

Several items led to the cost overruns on the project:

- Quantities in the contract for restoration were low in relation to the original work shown.
- Records for sanitary lateral locations were not accurate leading to substantially more excavation and restoration.
- The work reconnecting 35 W. 28th was more expensive than originally expected as the lateral actually connected to the sanitary sewer main beneath the home.
- Significantly more dewatering than expected was necessary due to a higher than expected water table. A quantity was in the original bid but not included in the approved contract price.
- Quantities to run water main beneath a large storm culvert were not included in the original contract.

The original sanitary sewer budget was \$200,000. The original water budget was \$700,000, however, additional water main replacement that includes asbestos cement water main and galvanized services will continue in Calendar 2019. Kamminga & Roodvoet's total contract value, with spring restoration, is expected to remain below \$410,000.

With the completion of actions explained above, this project will meet the criteria to Close Out the project.

Recommendation: The Board of Directors approved executing a change order to the original contract with Kamminga & Roodvoets to cover the additional expenses incurred up to a total contract value of \$410,000. Approve a transfer from contingency of \$25,000 to the sanitary funds for a total sanitary budget of \$225,000. Forward to City Council for approval of transfer.

<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>

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18.110

Closed Door Session – Pending Litigation

Motion to enter Closed Session @ 5:21 p.m.
Second

Storey
Haworth

ROLL CALL VOTE: Hemingway, Haworth, Franz, Miller, Storey

Motion to re-enter Open Session @ 5:44
Second
Favor
Oppose

Miller
Haworth
5
0

ANNOUNCEMENTS

Reminder: Next meeting is January 22, 2018

Council Annual Retreat will be the last weekend of this month. We will discuss with Council some of our top priority items for Fiscal Year 2019.

Lakeshore Advantage Annual Meeting is January 19, 2018. HEP, Dave Koster, and Tim Hemingway (as a group) are one of three finalists for the Visionary Award.

GR Business Journal Newsmakers of the Year. Once again due to efforts finalizing HEP and the Visitor's Center, Dave Koster and HBPW are finalists for Newsmaker of the Year in the Sustainability category. A January 31 breakfast will be held at Frederick Meijer Gardens and Sculpture Park.

The Natural Gas Pipeline Core Dinner is on February 5, 2018. Let SOTB know if you are interested in attending.

Wednesday, February 28, 2018, will be a joint session w/Council regarding HEF and CEP.

ADJOURNMENT

A motion to adjourn the meeting of *January 8, 2018*, was made by *Haworth* supported by *Miller* and agreed upon by the Board of Directors present.

The Board Meeting of January 8, 2018, adjourned at *5:45 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board

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