

**REGULAR MEETING**

The HBPW Board of Directors met  
**March 12, 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 4:02 p.m.**

**Members Present:** Tim Hemingway, Jim Storey, Phil Miller, Sue Franz, City Council Liaison Brian Lynn, and Ex Officio Members Bob Shilander and Matt Messer

**Members Absent:** Diane Haworth

**Staff Present:** Dave Koster, Janet Lemson, John VanUffelen, Becky Lehman, Chuck Warren, Joel Davenport, Ted Siler, Tracy Jousma, Tamara Black, Andrew Reynolds, Kevin Koning, Tim Vagle, Pete Hoffswell, Alison El-Cassabgui, Barry Rutherford, Ashley Kimble, Jon Hofman

18.129 **Board Minutes – Regular Meeting of February 19, 2018**

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

18.130 **Cured in Place Pipe Contract for 8-inch Sanitary Sewer Lining**

Due to its demonstrated efficacy and efficiency, the BPW has continued a sanitary sewer lining program to address deficiencies primarily in vitrified clay sanitary sewer pipes. While this year the BPW is focusing the majority of funds on a large diameter (36-inch) CIPP project, a variety of problematic 8-inch sanitary sewers have been identified for lining in order to eliminate ongoing maintenance problems.

Three companies provided bids for the project:

<b>Contractor</b>	<b>Bid</b>	<b>Location</b>	<b>Previous Contracts</b>
Corby Energy Services	\$ 200,525	Belleville, MI	Yes
Insituform	229,505	Howell, MI	Yes
Inland Waters	244,048	Detroit, MI	Yes
Engineer's Estimate (BPW)	261,350	N/A	N/A

*As part of the Consent Agenda, the Board of Directors approved a contract with Corby Energy Services in the amount of \$200,525, with a 10% contingency of \$20,053, for a total of \$220,578, pending approval as to form from the City Attorney.*

18.131 **Cypress 2018 Water Main Reconstruction**

The water main in Cypress has a history of multiple breaks, with 10 breaks in the last 10 years. A portion of the line to be replaced has broken five times within 20 feet and is continuing to corrode due to aggressive clay soils. The selected project area will replace some of the most break-prone sections of water main in the BPW system.

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

BPW staff corresponded with seven underground contractors for the project, most local to the Holland Area, that BPW staff considered qualified to perform the work. Although the majority expressed interest in the project, only two contractors participated in the pre-bid meeting, subsequently submitting bids for the project. Bids were received on March 5, 2018.

The project was planned with a FY18 budget of \$150,000 and FY19 budget of \$200,000, for a total project budget of \$350,000.

The following bids were received for the project:

<b>Contractor</b>	<b>Bid</b>	<b>Location</b>	<b>Previous Contracts</b>
Kamminga & Roodvoets	\$293,902	Kentwood, MI	Yes
Connan	\$299,703	Zeeland, MI	Yes
Engineer's Estimate (BPW)	*	N/A	N/A

*As part of the Consent Agenda, the Board of Directors Approve a contract with Kamminga & Roodvoets Inc. in the amount of \$293,902, with a 10% contingency of \$29,390 for a total of \$323,292, pending approval as to form from the City Attorney.*

18.132

**Manhole Adjustment Contract for 36-inch Sanitary Sewer Lining**

Due to the precast cone section of the existing manholes being less than 30-inches in diameter, the manhole adjustments require removing both the existing iron casting and the top most precast section of the manhole. The proposed precast section and 30-inch casting and cover are exactly the same as those used in the Central Avenue project for manholes on a 27-inch sanitary main that will also be lined in the future.

Only a small number of manholes along the route are planned for adjustment based on the current lining design. The additional contingency (20%) will allow for an additional manhole to be adjusted if the design is modified during contracting or construction.

The following bids were received for the project:

<b>Contractor</b>	<b>Bid</b>	<b>Location</b>	<b>Previous Contracts</b>
Dan Hoe Excavating Inc.	\$77,760	Holland, MI	Yes
Kamminga & Roodvoets Inc.	\$83,325	Kentwood, MI	Yes
Al's Excavating Inc.	\$88,000	Hamilton, MI	Yes
Engineer's Estimate (BPW)	\$136,000	N/A	N/A
28 Specialties Inc.	*	Holland, MI	No

\*A bid by 28 Specialties for \$40,290 was rejected based on material and traffic control costs equating to approximately the bid value.

\$2,000,000 has been budgeted for lining activities in FY18/19. The following shows the expected breakdown for that spending:

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

<b>Project</b>	<b>Budget</b>
Misc Manhole Lining	\$275,000
8-inch Lining	\$221,000
36-inch Manhole Adjustments	\$94,000
36-inch Engineering	\$63,000
36-inch Lining	\$1,300,000

*As part of the Consent Agenda, the Board of Directors approved a contract with Dan Hoe Excavating Inc. in the amount of \$77,760, with a 20% contingency of \$15,552 for a total of \$93,312, pending approval as to form from the City Attorney.*

18.133 **Sustainability Committee Appointment**

The Holland Community Sustainability Committee was chartered in 2009 to consider and advise both the City of Holland and the Holland Board of Public Works on issues that relate to:

- Energy conservation, efficiency, and supply
- Air quality
- Waste recycling and reduction
- Water quality and conservation
- Transportation

The Committee consists of nine members. Four are named by the Board of Public Works and five are named by City Council. Currently there is one vacancy on the committee, which this appointment would fill.

Kyle DeBruyn has submitted a volunteer application expressing an interest and willingness to serve on the Sustainability Committee. Kyle is a City resident with a recent bachelors degree in business administration with a concentration in sustainable business and a minor in sustainability.

*As part of the Consent Agenda, the Board of Directors approved appointing Kyle DeBruyn to the Holland Community Sustainability Committee to a two-year term.*

18.134 Action on Consent items:

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

18.135 **Communications from the Audience**

Andrew Reynolds (of the BPW) introduced Kyle DeBruyn as the full contingent the BPW has representing the Sustainability Committee of the City.

18.136 **Major Project Update**

*For information only*  
**Financial Review - January**

18.137

*For information only*

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18.138

**FY 2019 Budget and Rate Recommendations**

The budget for FY 2019 has been prepared by staff and reviewed in detail by the HBPW Board of Director's Budget Subcommittee.

The FY 2019 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 45% of the annual operating expense is the cost of fuel and purchased power (including demand). Due to the significant improvement in operating efficiency at the new plant, along with lower than planned fuel costs, staff is pleased to recommend an overall 5.7% rate decrease in electric rates for FY 2019. There is no plan to increase rates through FY 2023.

For the water utility, the capital requirements for replacing aging infrastructure continue to place a large demand on cash. The capital budget for FY 2019 is approximately \$5.0 million, up from \$4.2 million last year. The water unit sales are expected to decline by 1% overall. To maintain a fiscally prudent cash position, and meet capital and debt obligations, the 2.0% annual rate increases approved last year are recommended to remain in place.

The wastewater utility continues with lift station improvements and sewer main relining projects. As with the water utility, aging infrastructure requires increasing commitments of cash. Capital expenditures in FY 2019 are expected to be \$5.4 million, compared to \$4.4 million in FY 2018. The 3.6% rate increases approved last year are recommended to stay in place.

The following are the highlights of the proposed budget:

**Electric/Broadband Utility:**

- Operating revenues \$102,803,908
- Operating expenses 75,032,598
- Net income 15,245,812
- Fuel and purchased power (including demand) are expected to be \$32,968,862, or 45% of operating expenses.

**Water Utility:**

- Operating revenues \$ 11,036,859
- Operating expenses 6,788,531
- Net income 4,248,328

**Wastewater Utility:**

- Operating revenues \$ 11,867,757
- Operating expenses 11,091,104
- Net income 776,653

Contribution to the City is proposed to be \$6,606,000, an increase of nearly 5% from the FY 2018 amount. This amount is calculated at 6.25% of the average of the prior three calendar years retail electric revenues.

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Wages and benefits represent 18.5% of combined total expenses, an increase from 16.2% budgeted the previous year. Wages and benefits increased only 3.8%, however the large decrease in fuel and purchased power expense in the electric utility in FY 2019 from FY 2018 makes wages and benefits a larger percentage of total operating expenses.

The capital budget cash outlay for FY 2019 is projected to be \$18,966,057 with a related multiple year total project cost of \$30,448,720. The amounts, summarized by major utility area are:

• Electric production	\$ 2,559,500
• Electric distribution	4,965,000
• Broadband	531,320
• Water treatment	1,559,907
• Water distribution	3,324,000
• Water reclamation	2,320,000
• Wastewater collection	2,883,000
• Administrative capital	823,330
Total	\$ 18,966,057

*Recommendation: The Board of Directors approved the FY 2019 budget and associated electric, broadband, water, and wastewater rate adjustments, and forward to the City Council for inclusion in their resolution approving the budget for FY 2019 at the May 2, 2018, Council meeting.*

*Motion to approve recommendation Miller*  
*Second Storey*  
*Favor 4*  
*Oppose 0*

18.139 **Closed Door Session – Labor Negotiations**

Motion to enter Closed Session @ 5:49 p.m. *Storey*  
 Second *Miller*

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

Motion to re-enter Open Session @ 6:25 p.m. *Storey*  
 Second *Miller*  
 Favor *3*  
 Oppose *0*

**BOARD COMMENTS**

*APPA Legislative Rally reported on by Storey. He extended an invitation to Fred Upton to visit the Holland Energy Park when he is in town to speak at the West Coast Chamber next week. The invitation also extended to Debbie Stabenow. Storey will no longer serve on the APPA Policymakers Council when his term on the HBPW Board concludes June 30, 2018.*

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ANNOUNCEMENTS

*Reminder: Next meeting is March 26, 2018, a Study Session*

ADJOURNMENT

A motion to adjourn the meeting of *March 12, 2018*, was made by *Miller* supported by *Storey* and agreed upon by the Board of Directors present.

The Board Meeting of March 12, 2018, adjourned at *6:31 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board