

**REGULAR MEETING**

The HBPW Board of Directors met  
**December 10, 2018**  
at 4:00 p.m.  
in the Holland Energy Park Training Room  
One Energy Park Way  
Holland, Michigan

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

**Members Present:** Tim Hemingway, Diane Haworth, Phil Miller, Sue Franz, Paul Lilly, Brian Lynn City Council Liaison, Ex Officio Members Bob Shilander and Keith Van Beek

**Members Absent:** None

**Staff Present:** Dave Koster, Janet Lemson, Becky Lehman, Joel Davenport, Ted Siler, Chuck Warren, John Van Uffelen, Amy Yost, Pete Hoffswell, Jane Monroe, Steve Bruinsma, Ashley Kimble, Grant Koster, Jim Vande Wege, Mark Volkers, Andrew Reynolds, Tamara Black, Mike Radakovitz, and Kevin Koning

19.068 **Board Minutes – Regular Meeting Minutes of November 12, 2018, and Study Session Minutes of November 27, 2018**

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

19.069 **F.O.G. Building Make Up Air Unit Replacement**

Replacement of the F.O.G. Building MAU was budgeted for FY2019 to replace the equipment in a manner consistent with reliability and cost of service objectives. The MAU provides fresh air to mitigate the potentially hazardous atmosphere in the F.O.G. Building and heat to protect equipment from freezing in the colder months.

The approved FY2019 project budget is \$20,000. After receiving proposals for replacement, the lowest quote was \$25,915.50. A 10% contingency is also being requested for a total project cost of \$28,500. The difference between the budget and the total project cost is \$8,500. Upon approval of the transfer from contingency, this replacement will proceed under a purchase order to be issued to the low evaluated bidder, Pleune Service Company.

*As part of the Consent Agenda, the Board of Directors approved a transfer from contingency of \$8,500 to allow for replacement of the F.O.G. Building MAU.*

19.070 **Amend Professional Services Agreement with AJ Gallagher for Insurance Services**

After an extensive review process, in March 2015 the City of Holland/HBPW engaged AJ Gallagher to become the City's Insurance Agent of Record for a three-year period beginning July 1, 2015 – June 30, 2018 after several decades of service with HUB and its predecessors. At that time the Holland Energy Park (HEP) was under construction and carried a Builders Risk policy through another agency. That agreement assumed that the coverage for the HEP would be added at an appropriate time, when construction was completed. The HBPW Board approved coverage for the HEP in May 2017, but the completion date was extended beyond initial expectations, with revised a substantial completion date at the end of October 2017. Rather than binding coverage that expires only 8 months later (6/30/19), all agreed to seek a term that extended an additional year, to June 30, 2019.

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

Last year, an addendum to the agreement extended the services term another year effective July 1, 2018 to June 30, 2019, at same cost as current year (\$75,000 for City/BPW non HEP coverage) and an annual cost of \$50,000 for HEP coverage (all premium costs exclude commissions). The HBPW Board approved this addendum at their December 11, 2017, Board meeting. At the time, the City and HBPW intended to solicit new agent proposals for the July 1, 2019 to June 30, 2020 year. The new solicitation depended upon a current insurable values study of HBPW assets due to the extensive additions since the last valuation report. The completion of the new report required a longer period than initially expected; the report was delivered during the first week of December 2018. The late receipt of the report did not provide sufficient time for the new solicitation. AJ Gallagher has agreed to accommodate the City and HBPW with another one year extension of their agreement under the same terms and amounts as the prior extension.

*As part of the Consent Agenda, the Board of Directors approved the amendment to extend the Professional Services Contract with AJ Gallagher one additional year, until June 30, 2020, with the same amounts as the prior extension: \$75,000 (shared jointly by the City and HBPW) and \$50,000 (for the Holland Energy Park property placement only).*

**19.071 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 2019 rate adjustment for frontage and stub fees will be adjusted based only on the CCI, which has increased 2.83% year over year. Locally experienced costs will be used in 2019 to calculate 2020 rates.

The current trunkage policy was established in 2001; and per policy established in the Rate Book, charges are adjusted each year based on the CCI. Trunkage is a one-time charge associated with new water meter demands intended to offset the costs of up-sizing existing infrastructure to meet those new demands. Charges are based on a Residential Equivalent Unit (REU).

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

**19.072 Utility Easement at Holland Self Storage**

Holland Self Storage has a long dead end water main to provide fire protection to their storage units. The easement will provide means to loop the dead end main through the Maplewoods Condominiums. This easement will also extend the current easement on the Holland Self Storage property.

Maplewoods Condominiums will be placing the loop with the ongoing construction of their site.

*As part of the Consent Agenda, the Board of Directors accepted a Grant of Utility Easement for underground utilities at Parcel 03-02-05-400-065 with Holland Self Storage LLC for the sum of \$1, pending approval as to form from the City Attorney.*

Action on Consent items:

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

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19.073 **Communications from the Audience**

*None*

19.074 **Major Project Update**

*For information only*

19.075 **Approve contract with EAM Solutions LLC**

HBPW has been using the Infor EAM software for many years. The currently utilized functionality is primarily in the area of asset management, work management and maintenance management. We have captured system assets and implemented a condition assessment program for analyzing business risk and capital planning. Using this system for requisitioning, purchasing, inventory and project management will increase visibility of financial information related to assets and further aid in data analytics for future planning.

About a year ago we decided to move away from our current finance system (Microsoft Dynamics) which lacks many of the features of more modern applications. The choice to replace Dynamics and disperse functionality to different software packages will provide:

- web based access to all systems
- near real time financial data through automated integration
- a platform for reducing paper based processing
- improved drill down reporting capabilities

These benefits add value to the organization by saving staff time in the following ways:

- no longer keeping their own spreadsheets of financial information
- being able to email purchase orders to vendors directly from the system and tracking confirmations
- having a direct link in a single system between work orders and inventory requirements
- automating expense reports with an electronic workflow
- improving the fixed asset addition and disposal process by having a direct link between operational assets and accounting fixed assets
- having more timely information for project management

In September 2018 we released a Request for Proposal asking for bids from Infor consultants to help us with the implementation of the requisitioning, purchasing, inventory and project management modules along with services for setting up integration touch points to Multiview. We received three proposal back and used that information to determine which one of them would be the best partner for this job. Based on interviews and a thorough analysis of their experience we chose to move forward with EAM Solutions, LLC. Following that decision we met face to face with them to determine the exact scope of the project which resulted in the attached contract. They are able to meet our time frame of fully implementing these modules in Infor by March 31, 2019. This will put us on track to be fully migrated away from Dynamics by June 1, 2019.

During our meeting with EAM Solutions they explained the option of using an Infor Bar Coding module instead of standalone software we currently use for printing bar codes. The cost of this additional module is \$5,970. We currently pay \$2,500 annually for support on the existing bar coding software. The annual support for the Infor bar coding module will be \$1,194. With this savings on annual support, the investment of purchasing the additional module will be recuperated in less than 5 years.

In the FY2019 capital budget, there is an approved line item for Infor expenditures of \$60,000. The total cost of the bar coding module and the implementation services is \$185,495. Given the difference between the total cost and the approved budget, we are asking for a budget transfer from contingency in the amount of \$125,495.

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*Recommendation: The Board of Directors approved a contract with EAM Solutions, LLC in the amount of \$179,525, pending approval as to form from the City Attorney. They further approved a budget transfer from contingency in the amount of \$125,495.*

*Motion to approve recommendation Miller  
Second Haworth  
Favor 5  
Oppose 0*

19.076 **Engineering Services for WTP High Service Pump Upgrades**

The Water Treatment Plant High Service Pump Upgrade project replaces the two oldest (45 and 53 years old) of the four high service pumps that move water from the plant into the distribution system. Along with age and end of life issues, these pumps are improperly sized for our current distribution system and cost 50% more to operate compared to the two newer pumps. The engineering services in this scope include specifying equipment and detailed piping and electrical designs for two new pumps with variable frequency drives (VFDs).

Proposals for engineering services were requested from qualified engineering firms and proposals were received from three firms; Black and Veatch did not submit a proposal. The table summarizes the quotes received.

<b>Bidder Name</b>	<b>Business Location</b>	<b>Quote Amount</b>	<b>Meets Specifications</b>	<b>Previous Contracts</b>
FTC&H	Grand Rapids	\$ 63,900	Y	Y
Tetra Tech	Lansing	\$ 89,000	Y	Y
Prein & Newhof	Grand Rapids	\$ 85,000	N	Y
Black & Veatch	Grand Rapids	DNS	N	Y

BPW staff recommends awarding the design and bid phase engineering services to FTC&H with the lowest price for the two phases. Efficiencies from FTC&H's contract to size the pumps and VFDs for this project as part of the transmission main analysis scope of work is reflected by their lower price. The proposals also included costs for construction phase services; however, only the design and bid phase engineering services are recommended for award at this time. The budget for construction services is included in fiscal year 2020 and the scope of services will be better defined once the project design is complete.

The additional work scope of \$63,900 and contingency of \$6,400 for a total of \$70,300 is within the fiscal year 2019 project budget of \$100,000.

*Recommendation: The Board of Directors approved a change order to Fishbeck Thompson, Carr and Huber's existing engineering agreement for the Water Transmission Main Improvements and High Service Pump Upgrades for the not-to-exceed amount of \$63,900, and a 10% contingency of \$6,400, for a total of \$70,300.*

*Motion to approve recommendation Haworth  
Second Lilly  
Favor 5  
Oppose 0*

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19.077 **Customer Assistance Program Contract Modification**

The State of Michigan Department of Human Services administers the MEAP. Public Act 95 of 2013 was enacted to create the Low Income Energy Assistance Fund (LIEAF) that allows the Michigan Public Service Commission to annually approve a low income assistance funding factor to support the MEAP. HBPW has opted out of funding LIEAF since its inception and instead has adopted its own customer assistance program. If HBPW opted in, its annual funding to LIEAF would exceed \$300,000 per year (number of meters X 12 months X \$.93 per month).

HBPW has opted out since the inception of the LIEAF with the thought that locally administered funding would be more effective in meeting the needs of our customers. HBPW adopted and administers a low income assistance program that was designed to help customers to keep current with payments with more frequent payment options and reminders and energy efficiency education. The low income assistance program was designed and initially budgeted at one half of the proxy funding of opting to fund LIEAF. Unfortunately the program is not widely used and funding levels are only a fraction of the budget.

OCCAA administers the majority of assistance funds to our customers. The last two years, OCCAA has provided assistance to an average of 127 customers a year with an average yearly total of \$46,186 between April and October. There is a continued rule of no assistance for optout utility providers during the months of November through March when electric services cannot be disconnected. By providing additional funding, we will be able to assist customers during the months of November through March and will be able to supplement funding during the remaining months after other assistance has been used.

\$50,000 is projected to cover the 2019 funding shortage based on OCCAA's projection of historical needs of HBPW customers. OCCAA will administer the funds according to the statement of work and guidelines as attached to this report. OCCAA will charge HBPW \$60 to administer each assistance funding. If the entire \$50,000 is not needed in 2019, it will carry forward to the next year. Staff will continue to evaluate its programs to better meet our customers' needs.

*Recommendation: The Board of Directors allowed a grant up to \$50,000 to OCCAA for them to administer the funds to pay electric bills for eligible HBPW low income customers.*

*They further approved a contract modification to expand the existing Low Income Customer Assistance and Engagement Program with OCCAA to include Low Income Direct Customer Assistance Program funds pending approval as to form from the City Attorney.*

<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>

19.078 **Water System Advisory Council Appointments**

Staff believes that the initial Council make-up with two staff and two board members will be beneficial to establish the bylaws and assure compliance to the state statute. In addition to the board and staff members proposed, Michael Seymour, emeritus professor of Chemistry from Hope College is recommended for the position on the Council that must be a local resident who does not formally represent the interest of any incorporated organization. Mr. Seymour has involved himself and his classes in water treatment and has interacted with the Holland Water Treatment Plant staff for many years.

*Recommendation: The Board of Directors approved staff's recommendation of the following individuals for the Board's presentation to the Holland City Council: John Van Uffelen, Jim Vande Wege, Sue Franz, Paul Lilly, and Michael Seymour.*

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*Motion to approve recommendation*  
*Second*  
*Favor*  
*Oppose*

*Haworth*  
*Miller*  
*5*  
*0*

**19.079 Contract for Unit 9 Hot Gas Path Inspection**

Unit 9 Combustion Turbine has accrued approx. 6,400 operating hours and 1,428 equivalent starts since it was commissioned in 2000. General Electric, the original equipment manufacturer, recommends that combustion turbines have routine maintenance inspections conducted periodically after a given number of starts. General Electric recommends that a hot gas path inspection be conducted around 1,200 starts making Unit 9 overdue for an inspection.

A hot gas path inspection requires that the upper turbine casing be removed to inspect the stationary and rotating blades as well as all of the components in the hot section. The hot section includes the combustion chambers, liners, transition pieces, turbine wheels, nozzles and other hardware in the heated area of the turbine. These components are subjected to high temperatures and high loads during operation and therefore must be periodically inspected to ensure they can continue operating safely, efficiently and effectively. Most of the hot gas path components will be removed and sent offsite for non-destructive testing and repairs. Repairs range from light to heavy and based on the level of repair necessary, the cost of the repairs varies significantly. Bidders were asked to provide pricing for light, medium and heavy repairs.

Based on previous hot gas path inspections, the repairs are expected to average medium, but enough contingency has been requested to cover heavy repairs and upgrades to components that may have required heavy repairs to prevent recurrence.

Included with this project is an inspection of the first 5 stages of compressor rotating and stationary blades. Damage was found on at least the first row of blades during a borescope inspection earlier this year. Other compressor components will be inspected and repaired due to existing issues and as a result of the borescope inspection.

Bids were requested from four vendors and the evaluated results are summarized in the table below:

<b>Bidder Name</b>	<b>Business Location</b>	<b>Evaluated Base Bid Amount</b>	<b>*Evaluated Bid Amount</b>	<b>Meets Specifications</b>	<b>Previous Contracts</b>
Allied Power Group (APG)	Houston, TX	\$ 858,750.00	\$ 1,454,404.00	YES	YES
General Electric International, Inc.	Atlanta, GA	\$ 1,012,139.00	\$ 1,645,999.00	YES	YES
Mechanical Dynamics & Analysis, Ltd.	Latham, NY	\$ 784,600.00	\$ 1,560,069.00	YES	NO
Sulzer Turbo Services Houston, Inc.	La Porte, TX	\$ 775,854.50	\$ 1,588,679.50	NO	NO

*\*Note: Evaluated bid amount includes evaluated base bid and expected repairs not included in the base bid.*

Allied Power Group is being recommended over Sulzer Turbo Services for the following reasons:

1. Sulzer bid higher repair costs for components which we believe will lead to a higher project cost after repairs even with a lower base bid.

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2. Sulzer did not include pricing for several expected repairs and upgrades, meaning that pricing had to be assumed for better comparison. Sulzer's prices for these repairs could end up being higher than assumed prices.
3. Sulzer did not include time for shop repairs for components within their tentative schedule. This could lead to extra costs during the project for unexpected demobilization/mobilization of their onsite crew.
4. Sulzer neglected to include significant costs for consumables within their bid which diminishes our confidence that other costs were not left out. Pricing for consumables was supplied by the vendor after bids were due, which puts the credibility of the bid in question.

Allied Power Group is being recommended over Mechanical Dynamics & Analysis (MD&A) for the following reasons:

1. MD&A did not include time for shop repairs for components within their tentative schedule. This could lead to extra costs during the project for unexpected demobilization/mobilization of their onsite crew.
2. MD&A allocated \$50,000.00 for crane services in their base bid. This price came from other similar projects and not from a site visit of the crane contractor. Any crane costs above that \$50,000 will be charged to the Holland BPW on a T&M basis. For reference, Sulzer included over \$100,000 for crane services within their base bid. Allied Power Group was the only contractor to send a crane representative to site and they included crane costs within their base bid.

*Recommendation: The Board of Directors approved a contract, pending City Attorney approval as to form, with Allied Power Group in the amount of \$858,750, along with a contingency of \$595,654 to cover repairs to components that are unknown until the unit is disassembled.*

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

**19.080 Closed Door Session – General Manager Evaluation**

Motion to enter Closed Session @ 5:13 p.m.	<Name>
Made by	Haworth <Name>
Second:	Miller
Favor	5
Oppose	0

*ROLL CALL: Hemingway, Haworth, Miller, Franz, Lilly*

Motion to re-enter Open Session @ 5:43 p.m.	
Made by	Haworth
Second	Miller
Favor	5
Oppose	0

**19.081 Action Following General Manager Evaluation**

*Recommendation: The Board of Directors recommended an increase in the General Manager's base pay of 5.1% (rounded to the nearest thousand) which will become effective December 19, 2018.*

<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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BOARD COMMENTS

*Board Liasion to the townships, Shilander, will be unable to attend any BOD meetings occurring on the 14<sup>th</sup> of the month in the forthcoming calendar year.*

ADJOURNMENT

A motion to adjourn the meeting of *December 10, 2018*, was made by *Haworth* supported by *Miller* and agreed upon by the Board of Directors present.

The Board Meeting of December 10, 2018, adjourned at *5:50 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board