

**REGULAR MEETING**

The HBPW Board of Directors met  
**August 6, 2018**  
at 4:00 p.m.  
in the Service Center Board Room  
625 Hastings Ave.  
Holland, Michigan

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

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

**Members Absent:** None

**Staff Present:** Dave Koster, Janet Lemson, Chuck Warren, John Van Uffelen, Becky Lehman, Ted Siler, Joel Davenport, Carl Thorwall, Andrew Reynolds, Tamara Black, Kevin Koning, Pete Hoffswell, Jane Monroe, Tracy Jousma

19.013 **Board Minutes – Regular Meeting of July 9, 2018, and Study Session Minutes of July 23, 2018**

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

19.014 **Units 7 & 8 Painting Project Construction Services Agreement and Transfer from Contingency**

The scope of this contract includes repainting generating Units 7 & 8 and their associated fuel oil storage tanks located at the 48th Street peaking station. The existing coatings on the units and tanks are approximately ten years old and have started to peel. Repainting is needed to prevent the corrosion of the equipment.

Painting the fuel tanks was approved in the FY18 budget for \$60,000, but the decision was made to delay the project to combine it with painting Units 7 & 8 (approved in the FY19 budget for \$150,000). Combining the projects creates efficiencies for reduced construction costs and HBPW staff time required to manage the work. The requested transfer from contingency would allow use of the \$60,000 approved in FY18 for the fuel tanks and revise the total project budget to \$210,000.

Painting bids were requested in July 2018 and received from three qualified industrial painting contractors. The following table summarizes the received bids.

<b>Bidder Name</b>	<b>Business Location</b>	<b>Bid Amount</b>	<b>Meets Specification</b>	<b>Previous Contracts</b>
Great Lakes Painting	Holland, MI	\$181,175	Yes	Yes
Dave Cole Decorators	Sparta, MI	\$245,000	Yes	Yes
Vanderkolk + Kooi	Grand Rapids, MI	\$246,000	Yes	Yes

BPW staff interviewed Great Lakes Painting as the apparent low bidder and recommends awarding the contract to Great Lakes Painting as the lowest responsible bidder. The requested contract amount of \$199,175 will be within the total revised project budget of \$210,000.

*As part of the Consent Agenda, the Board of Directors approved a contract with Great Lakes Painting in the amount of \$181,175 and a 10% contingency of \$18,100 for a total of \$199,275,*

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

*pending approval as to form from the City Attorney. In addition, approve a transfer from contingency of \$60,000 to the Units 7 & 8 Painting Project for a revised total budget of \$210,000.*

19.015 **Renewable Energy Credit Sales Report**

Holland BPW receives RECs corresponding to the energy we purchase from each of the projects in our renewable energy portfolio. Those RECs, in turn, can be used for compliance with the renewable energy standards required by the State of Michigan's Public Act 295. While all of the RECs received by the BPW from our renewable portfolio qualify for usage in Michigan, RECs generated at the NANR landfill gas project and Wildcat Wind Farm also qualify for RECs in other states. As such, the BPW has the choice of whether to apply the RECs from those facilities to our PA 295 requirements or sell them in the PJM market.

In March, we were able to sell RECs in the PJM market at a significant advantage to the market for Michigan qualified RECs (MIRECS). We sold 25,318 New Jersey Class I RECs and 35,438 multi state qualified RECs at \$5.25 per REC for a total sale of \$318,969.00. Correspondingly, we purchased 50,000 MIRECS at \$0.75 for a total purchase price of \$37,500. The purchased MIRECS are intended to replace the PJM RECs sold as needed to meet PA295 compliance.

*As part of the Consent Agenda, the Board of Directors accepted as information the Renewable Energy Credit Sales Report submitted by the Operations Director.*

19.016 **Insurable Value Study for Property Insurance Coverage (Clarification)**

The HBPW has made significant capital additions in the last several years. It is important to have reliable estimates of insurable values to prevent over or under insuring the HBPW's assets. The last complete appraisal was completed in early 2011. That appraisal was updated in February 2013, using only accounting records with no independent verification or field work. Since that time, significant capital additions have been made, including the Holland Energy Park, Pine Street Substation, water reclamation plant improvements, and water distribution valve and metering system replacements.

With property insurance premium costs approaching \$1 million annually, it is important that proper coverage amounts, limits, and retentions are in place. A recent thorough valuation study is a cornerstone of that process. Marsh, through its risk consulting division, has been chosen to provide the study. Marsh is one of the world leaders in the utility infrastructure risk mitigation space. They have provided various insurance services to the HBPW over the past several years, including the insurance coverage for the Holland Energy Park during construction. The valuation study deliverables include:

- A detailed summary of values along with a comparison to the existing statement of values with deltas for values and percentage movement;
- A single valuation report detailing the scope of work performed, assets included, methods and procedures, and noting significant findings, assumptions, and/or limitations to the work involved. The report will provide a conclusion of value, supporting exhibits, and photographs as appropriate and applicable.

The fee for the engagement is estimated at \$48,375. Board approval of the agreement is requested for \$53,213, which includes the estimated amount plus a 10% contingency.

*As part of the Consent Agenda, the Board of Directors approved the contract with Marsh Risk Consulting to complete an "insurable value study" by the end of calendar year 2018 in the amount of \$48,375, with a 10% contingency of \$4,838, for a total of \$53,213. The contract has already been approved as to form by the City Attorney.*

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19.017 Action on Consent items:

Motion to approve, accept, or adopt Consent *Miller*  
Agenda items  
Second *Haworth*  
Favor *5*  
Oppose *0*

19.018 **Communications from the Audience**

*None*

19.019 **Major Project Update**

*For information only*

19.020 **Unit 7 Generator Repair Project**

In the days following the trip, HBPW hired Theka Engineering and Associates to mobilize and investigate the fault. They were able to determine that the fault was on the 'A' Phase between the hot and the neutral side of the stator windings. At that point in the investigation, relying on the relay trip data and field testing, it was anticipated that a fault had occurred in the stator. Therefore, in order to further investigate the fault, it was believed that the generator rotor required removal to permit more specialized electrical testing and investigation of the generator stator.

The work required to remove and reinstall the field is technical in nature, but it is routine for turbine service companies. As such, the removal and reinstallation portion of this project was bid on a fixed price basis as the scope is very clear. Once the rotor was removed, the project transitioned to time and materials (T&M) and continues that way until the specialty investigation and generator repair work is complete and the rotor is ready for reinstallation.

The fault was located on a section of bus bar on the neutral side of the stator, six inches away from the neutral 'Y' which ties all three phases together. The exact repair did not require that the rotor be removed; however, during the outage, there were numerous deficiencies discovered and repaired. The bearings and oil seals were found to be worn and in need of repairs. The machine was out of alignment which will be fixed. The stator slot wedges were found to be loose which can cause movement of the copper windings and lead to future faults. Additionally, water was found to be intruding into the casing and reaching the rotor. From a machine reliability standpoint, this work was needed; and the cost of removing the rotor was not at a loss.

Bidders supplied T&M rate sheets with their bids. Using the T&M rates, data from prior work on similar units, and the current findings of HBPW's Unit 7, the contractor developed an estimated T&M work cost that was used to budget work for this contract.

Four bidders were asked to bid on the project. Two bidders provided bids for this work. One bidder was unable to procure the State required bonding and the other did not bid as they had a policy for subcontractors that would not allow them to carry a subcontractor whose scope may exceed the value of their own scope. The lowest evaluated bidder was Allied Power Group of Houston, Texas. Allied Power Group complied with the technical specifications for the project and offered the lowest bid. Mechanical Dynamics & Analysis was the next closest base bid and it was evaluated to be \$104k higher.

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Company	Base Bid	Base Bid + Estimated T&M	Location	Previous Contracts
Allied Power Group, LLC	\$336,519	\$707,567	Houston TX	No
Universal Plant Services	No Bid	No Bid	Merriville IN	No
Power Services Group	No Bid	No Bid	Anderson SC	No
Mechanical Dynamics & Analysis, LLC	\$440,190	T&M – No Estimate	Latham NY	No

Work on this project is still ongoing with construction completion anticipated later in August. As noted previously, the repair work on the unit is being performed on a T&M basis. Based on the scope of the work actually performed, the final contract value is anticipated to be substantially less than approved. Staff is currently estimating the actual cost to be \$571,000.

*Recommendation: The Board of Directors received this report for information.*

**OTHER BUSINESS**

Joel Davenport updated the board members on our proactive efforts toward PFAS testing. We were not scheduled by the MDEQ to do this testing in the very near future. Once we have the results, we will put out a press release with the results.

Our TOC (total organic carbon) levels have tested in the acceptable range. The State has agreed that we are now in compliance with the TOC levels.

**BOARD COMMENTS**

**ANNOUNCEMENTS**

*Reminder: Next meeting is August 27, a Study Session.*

*National Night Out tomorrow night. BPW is participating.*

*Two openings on the Sustainability Committee for Holland are still remain.*

**ADJOURNMENT**

A motion to adjourn the meeting of August 6, 2018, was made by *Miller* supported by *Lilly* and agreed upon by the Board of Directors present.

The Board Meeting of August 6, 2018, adjourned at *5:14 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board

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