

REGULAR MEETING

The HBPW Board of Directors met
June 8, 2020
at 4:00 p.m.
Via Zoom Teleconference.

Chair Hemingway called the meeting to order at 4:06 p.m.

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

Members Absent: None

Staff Present: Dave Koster, Janet Lemson, Ted Siler, Chuck Warren, Becky Lehman, Joel Davenport, Pieter Beyer

20.143 **Board Minutes – Regular Meeting Minutes of May 11, 2020, and Study Session Minutes of May 18, 2020**

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

20.144 **Engineering and Design Contract For Corroded Water Main Replacement in 8th Street From Reed Avenue to US-31**

A 10" water distribution main in 8th Street has experienced three separate breaks in the past nine months due to corrosion. The approximately 120 year old cast iron main is located in clay soils which have caused external corrosion of the pipe. Due to the recent frequency and severity of breaks, the water main was selected for accelerated replacement with \$500K in funding included in the FY 2021 Capital Budget for the project.

Staff contacted local engineering design firm Holland Engineering Inc. (HEI) to request a proposal for the design and construction inspection of the water main replacement project. HEI provided a proposal which meets the schedule of the project and with a fee estimate comparable to other proposals recently received by HBPW for similar work.

HBPW issued a an initial purchase order to HEI for \$12,600 to initiate surveying and soil boring services for the project area in order to expedite identification of any unknown site conditions that would cause unforeseen increases in the project costs and in order to speed up the design process and attempt to complete the construction this fall before the next freeze-thaw cycle and increased potential for additional main breaks.

As part of the Consent Agenda, the Board of Directors approved a contract with Holland Engineering Inc. in the amount of \$64,100 with a 10% contingency of \$6,410 for a total of \$70,510, pending approval as to form from the City Attorney.

20.145 **Lift Station Assessment Consulting**

Several of the HBPW sanitary sewer lift stations and their components are nearing the end of their useful life and have been experiencing an increase in equipment and controls failures. The current capital plan includes funding over the next several years to invest in rehabilitation and renewal of these assets. In order to properly allocate this funding, an updated assessment of the individual stations is needed so that the full spectrum of needs can be identified and prioritized relative to each other. This assessment will result in an update to the HBPW Lift Station Reliability Study, the completion of any

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non-complex and low cost repairs, and a recommendation for larger rehabilitation efforts. HBPW staff sought proposals from both engineering and instrumentation and controls consultants. Proposals were received from Donahue, Fleis & Vandenbrink (F&V), and Kennedy Industries.

The F&V and Kennedy Industries proposals to complete the Lift Station assessments are deemed the lowest evaluated bids. This selection was based on the proposals having the lowest fee estimate and most relevant qualifications. Kennedy Industries has extensive knowledge of the existing lift stations and will be performing the evaluation and minor immediate repairs of the existing wiring, alarms, and controls. F&V will be performing the physical inventory and engineering performance review of each station and consolidating the information gathered into an updated Lift Station Reliability Study, with improvement recommendations for each lift station, to assist with future capital planning.

The contracting for the work will be carried out with separate contracts due to professional liability that differs for each entity and their associated tasks to be completed.

As part of the Consent Agenda, the Board of Directors approved a contract with Kennedy Industries, in the amount of \$77,325.00 with a 10% contingency of \$7,732.50 for a total of \$85,057.50, pending approval as to form from the City Attorney. Approve a contract with Fleis & Vandenbrink, in the amount of \$103,620.00 with a 10% contingency of \$10,362.00 for a total of \$113,982.00, pending approval as to form from the City Attorney.

20.146 **Unit 8 13.8 kV Bus Bar Replacement**

The bus bar that will be replaced runs from the generator accessory compartment (GAC), which houses the generator breaker, to the open air cable that eventually leads to the generator step up transformer. In 2018, an electrical fault destroyed the bus bar to cable transition on Unit 7. It was decided at the time to replace the entire bus bar section with a cable and cable tray design that would be more robust and less prone to failure. It would also eliminate the possibility of water leaking into the GAC which had happened in the past. The project on Unit 8 will duplicate the work that was done on Unit 7 in 2018. The Fiscal Year 2021 budget for this project is \$60,000.

Three companies were invited to bid, however only one submitted a bid while the other two declined to bid due to other commitments. Newkirk is being recommended for this project as they successfully completed the same project on Unit 7 as well as a number of other projects for Electric Production.

Bidder Name	Business Location	Evaluated Bid Amount	Meets Specifications	Previous Contracts
Newkirk Electric Associates	Muskegon, MI	\$55,613	YES	Yes
Motor City Electric	Detroit, MI	Declined to Bid	No	YES
MJ Electric	Iron Mountain, MI	Declined to Bid	No	YES

It should be noted that the value of the recommended contract is slightly higher (\$413) than what is shown on the attached bid from Newkirk Electric. The difference is due to the addition of payment and performance bonding which was not included in Newkirk's original proposal. The bonding is a requirement for work >\$50,000.

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As part of the Consent Agenda, the Board of Directors approved a contract with Newkirk in the amount of \$55,613 with a 5% contingency of \$3,000 for a total of \$58,613, pending approval as to form from the City Attorney.

20.147 **Decorative Lighting Locating Service Contract**

Under the contract, the HBPW Miss Dlg locating staff will locate the underground wiring for the decorative lighting system along Ottawa Beach Road from 168th Avenue to the Holland State Park for an annual cost of \$500. The cost is based on three years' experience of Miss Dlg activity at HBPW wage rates, times three.

The annual fee approach was chosen to reduce the administrative costs for tracking and billing for the staking services.

As part of the Consent Agenda, the Board of Directors approved a Decorative Lighting Contract with Park Township for locating the decorative lighting system owned by Park Township in Ottawa Beach Road.

20.148 **Approval of updated HBPW Terms of Service Rate Books and Fee Schedule**

Several updates and formatting changes were made to improve clarity and eliminate deficiencies in our rate books and fee schedule but do not change the terms of service provided by the HBPW and are not pointed out in this report. The revisions that change terms of service and fee schedule and warrant the consideration and approval of the Board of Directors and City Council follow:

Electric Terms of Service:

- Addition of "*Contiguous Parcels*" definition for the purposes of meter totalization.
- Revision to Section 3.5 *Customer Classifications* to formalize customer classifications based on City and Township tax records.
- Revisions to Section 5.0 *Use of Service* were made to clarify what is considered a resale of electric.
- Revisions to Section 6.9 *Totalized (Aggregate) Metering*, that clarifies what services qualify for meter totalization and sets a date for implementation for those customers that are currently totalized but don't currently meet the new qualifications for totalization.
- Revisions to Section 7.1 *Residential Electric Vehicle Charging*, that detail changes to the Electric Vehicle Time-of-Use Pilot Rate from an electric vehicle charger rate to a whole house rate as already approved for the FY2021 budget and rates.
- Revisions to Section 9.3 *Underground Extensions*, removing the underground electric service districts and implementing a requirement for all new and upgraded electric services to be underground unless determined by the HBPW that an overhead service is preferred.

Water Terms of Service:

- Revision to Section 5.4 *Theft*, adding a water meter Tampering Fee.
- Revision to Section 5.8.2 *General Requirements, Proper Shut-Off* that adds the ability for HBPW to shutoff water service where necessary to maintain water quality, prevent damage to the distribution system or prevent damage to the property.

Wastewater Terms of Service:

- Addition of *Sanitary Sewer Service Lateral* definition.
- Revision to Section 5.7.5 *Sewer Backups* adding language to specifically identify customer responsibility for illicit sump pump connections that cause or add to sanitary sewer back ups.

Broadband Terms of Service:

- Formatting changes to match Electric, Water and Wastewater Terms of Service.

Fee Schedule:

- Addition of a water meter Tampering Fee (Pg. 4).

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As part of the Consent Agenda, the Board of Directors approved the attached drafts of the Electric, Water, Wastewater, and Broadband Terms of Service with the 2020 changes along with an updated Fee Schedule for the addition of a meter Tampering Fee in the Water Utility.

20.149 Action on Consent items:

<i>Motion to approve recommendation</i>	<i>Haworth</i>
<i>Second</i>	<i>Lilly</i>
<i>Lilly</i>	<i>Y</i>
<i>Franz</i>	<i>Y</i>
<i>Miller</i>	<i>Y</i>
<i>Haworth</i>	<i>Y</i>
<i>Hemingway</i>	<i>Y</i>
<i>Favor</i>	<i>5</i>
<i>Oppose</i>	<i>0</i>

20.150 **Communications from the Audience**

None

20.151 **Financial Update**

For information only

20.152 **Major Project Update**

For information only

20.153 **COVID-19 Extension of Temporary Customer Policy Recommendations**

Available HBPW payment terms and increased HBPW, state and federal assistance has prevented the number of customers in a partial and non-pay situation from growing substantially in March, April and May. In order to assist our customers affected by the State Emergency Declaration and Executive Orders put in place in response to the COVID-19 Pandemic, HBPW recommends the following extension of temporary changes to our current policies.

Residential Customers:

1. It is current HBPW policy to not shut off residential customers for non-payment between November 1 and April 15 each year. Staff recommends extending the non-shut off period for residential electric customers beyond June 15, 2020, until July 15, 2020 (See Section 5.7.1 of the HBPW Electric Terms of Service). HBPW will also continue to monitor the status of Executive Order 2020-28 regarding the shut off of Residential water customers and follow guidance provided by the State of Michigan. In any event, the staff recommends extending the non-shut off for residential water customers until at least July 15, 2020.
2. HBPW staff recommends extending the pause of the implementation of late fees and interest on overdue bills for all Residential customers until the non-shut off period for Electric customer's ends. For clarification, existing late fees and interest charges that were accrued prior to April 1, 2020 will remain on the balance due (See Section 8.4 of the HBPW Electric Terms of Service).

Commercial and Industrial Customers:

1. HBPW staff recommends continuing a non-shut off period for non-payment for Commercial and Industrial electric and water customers until July 15, 2020.

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2. HBPW staff recommends extending the pause of the implementation of late fees and interest on overdue bills for Commercial and Industrial customers until the non-shut off period referenced in #1 above ends. For clarification, existing late fees and interest charges that were accrued prior to April 1 will remain on the balance due.

HBPW encourages customers who cannot pay their monthly bill in full to call HBPW Customer Service (616-355-1500) to work with us to make payment arrangements to keep their balance due to a minimum. Customers can go to our website (www.hollandbpw.com) for resources that may offer utility bill assistance. Low income assistance is available for residential customers who qualify. HBPW staff will continue to monitor the pandemic situation and actions taken to respond that could continue to affect our customers. If extensions to these policies are needed staff will bring future recommendations to the Board for approval.

Recommendation: The Board of Directors approved an extension of recommended temporary changes in HBPW policies to assist customers challenged to pay their utility bills due to the effects of actions taken to combat the COVID-19 Pandemic.

<i>Motion to approve recommendation</i>	<i>Miller</i>
<i>Second</i>	<i>Haworth</i>
<i>Lilly</i>	<i>Y</i>
<i>Franz</i>	<i>Y</i>
<i>Miller</i>	<i>Y</i>
<i>Haworth</i>	<i>Y</i>
<i>Hemingway</i>	<i>Y</i>
<i>Favor</i>	<i>5</i>
<i>Oppose</i>	<i>0</i>

20.154 **Restated Holland-Wyoming Water Interconnect Contract**

The water interconnection of the Wyoming and Holland water system was an idea conceived in the 1990's to improve reliability of the neighboring water plants and transmission mains that are separated by approximately four miles. In 2001, Holland and Wyoming commissioned an engineering study which evaluated the merits of the interconnection and options for various interconnection locations and sizes.

Wyoming, Holland, and Ottawa County staff members began drafting the agreement in 2005. Ottawa County was included because of its status as a major capacity owner of the Wyoming Water system with agreements for supplying Ottawa County communities. While Holland and Wyoming desired a broad use of the interconnect to include emergency and supplemental supply, Wyoming was not able to agree to provide supplemental use in 2011 because of Ottawa County concerns.

Soon after the Emergency Interconnect Agreement was signed in 2011, the interconnect pipeline, valves, and metering facilities were constructed in 2012 - 2013. Although the valve and metering station failed soon after construction and several more years passed before the interconnection facilities were placed in service, it has proved very valuable in providing emergency water supply for water main repairs, valve replacements, and maintenance operations.

Recognizing that the additional value of utilizing available capacity in either system could postpone capital expansions, Holland, Wyoming, and Ottawa County staff continued discussions to expand the use of the interconnect to include supplemental water. As a result of the discussions, the earlier concerns of Ottawa County were resolved.

In addition to expanding the use of the interconnect to include supplemental water supply, the contract was updated to remove references to the future (now past) construction and terms for cost sharing and financing arrangements that were completed and no longer needed. Also, references to the now revoked Park Township - Holland wholesale water contract were removed.

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Under the new terms, the rate charged for water purchased or sold by either community will be based on the rate Wyoming charges Ottawa County for its member communities. Under the terms of the 2011 agreement, Holland's charges were based on the wholesale rate it charged to Park Township. The contract assures the rate will be determined by standard methods and reflects the costs of either system.

Recommendation: The Board of Directors approved the Restated Holland-Wyoming Water Interconnect Contract, pending approval as to form by the City Attorney.

<i>Motion to approve recommendation</i>	<i>Miller</i>
<i>Second</i>	<i>Haworth</i>
<i>Lilly</i>	<i>Y</i>
<i>Franz</i>	<i>Y</i>
<i>Miller</i>	<i>Y</i>
<i>Haworth</i>	<i>Y</i>
<i>Hemingway</i>	<i>Y</i>
<i>Favor</i>	<i>5</i>
<i>Oppose</i>	<i>0</i>

20.155 **Water System Maintenance Agreement with Holland Charter Township**

Under the recently approved retail water agreement with Park Township, the HBPW will assume the responsibility for the operation and maintenance of the Park Township water distribution system. The system is comprised of 62 miles of water main and over 3,800 customer's connections and meters. The additional system increases water distribution system assets under HBPW management by approximately 25% and requires either additional staffing or contract maintenance services.

The portion of the master metered area of the Park Township water system that is being transferred to the HBPW for retail service has been maintained by the HCT water and sewer maintenance staff for many years. Anticipating the approval of the retail agreement, staff began exploring with HCT their interest in continuing to maintain the water system earlier this year. HCT's contract with Park Township will no longer be required effective July 1 when the system is transferred to HBPW.

The advantages for a maintenance agreement with HCT include reduced costs from: 1) not having to immediately add staff and equipment to take on the additional maintenance work, 2) benefiting from the experience and knowledge of the HCT staff who have maintained the system for many years and, 3) HCT's closer proximity to the service area, reducing travel time.

Initial annual contract value is estimated to be approximately \$225,000, which reflects closely with HBPW expenses per mile of distribution system maintenance. The management staff of HBPW and HCT will have the ability to adjust the levels of maintenance to assure that optimum task and responsibility assignments and compensation will benefit both parties.

Highlights of the terms of the agreement include the following:

- HCT will maintain all of the Park Township water system north of Lake Macatawa including both the master metered area and the non-master metered area.
- HCT services will include water main repairs, valve maintenance, hydrant maintenance, service repairs and replacements, Miss Dig locating, and quarterly meter reading for a period of time.
- HBPW will install and maintain meters, sample and manage water quality, manage the cross connection program, maintain the pumping stations, and assume management oversight.
- HCT will charge for their services monthly based on a percentage of their expenses based on the percentage of the Park system to the total water distribution system maintained.
- Both parties will true up work elements that that are more than 5% outside the percentages invoiced by the monthly billings annually.
- The term of the agreement will continue indefinitely but can be terminated with one-year notice by either party.

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Recommendation: The Board of Directors approved a water system maintenance agreement with Holland Charter Township for the HBPW retail water service area in Park Township north of Lake Macatawa.

<i>Motion to approve recommendation</i>	<i>Haworth</i>
<i>Second</i>	<i>Miller</i>
<i>Lilly</i>	<i>Y</i>
<i>Franz</i>	<i>Y</i>
<i>Miller</i>	<i>Y</i>
<i>Haworth</i>	<i>Y</i>
<i>Hemingway</i>	<i>Y</i>
<i>Favor</i>	<i>5</i>
<i>Oppose</i>	<i>0</i>

20.156 **Bond Authorization Resolution for the Anaerobic Digester Project**

As discussed at the February 10, 2020, Board meeting, the Water Reclamation Facility has seen large increases in disposal costs in recent years, while at the same time disposal options continue to shrink. In Fiscal Year 2018, a study was undertaken to investigate options to mitigate the increasing disposal risks. The result of the study was the recommendation to implement an anaerobic process and associated facilities for the management of biosolids residuals.

The project will be funded through the State of Michigan Clean Water Revolving Fund (SRF) program, in an amount not to exceed \$30,000,000. The Board approved, on February 10, 2020, a resolution declaring official intent to reimburse the project expenditures with the SRF bond proceeds.

Project design and construction planning has proceeded to the point where it is now time to prepare the application documents for the SRF funding. Board and City approval of the Bond Authorization Resolution is a key part of the funding process.

Key provisions of the Resolution include:

- Bear an interest rate not to exceed 3% (2% is expected),
- Bond amount not to exceed \$30,000,000,
- Repayment of the Bond will be solely from the revenues of the Wastewater utility (i.e. the borrowing will not be considered a general obligation of the City),
- The statutory lien on revenues created by this Bond will be junior to statutory liens of any Senior Lien Bonds currently in place,
- The Bond will have a term of 20 years,
- Customer rates will be maintained at a level sufficient to pay all administration, operating, and maintenance expenses of the utility plus 100% of the principal and interest of this Junior Lien Bond and 110% of the principal and interest of any Senior Lien Bonds,
- Various accounts are required to be established and maintained for such things as debt service, repairs, and replacements.

Recommendation: The Board of Directors approved the Wastewater Utility System Junior Lien Revenue Bonds, Series 2020 Bond Resolution and submit the approved Resolution to the City of Holland for approval via the attached "Resolution to Approve the Bond Resolution of the City Council of the City of Holland."

<i>Motion to approve recommendation</i>	<i>Lilly</i>
<i>Second</i>	<i>Haworth</i>
<i>Lilly</i>	<i>Y</i>
<i>Franz</i>	<i>Y</i>
<i>Miller</i>	<i>Y</i>
<i>Haworth</i>	<i>Y</i>
<i>Hemingway</i>	<i>Y</i>
<i>Favor</i>	<i>5</i>

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Oppose

0

20.157 **Holland Board of Public Works 2020 Strategic Plan**

Through a series of study sessions, the Board and staff have reviewed the state of each utility, performed an assessment of strengths, weaknesses, opportunities and threats, outlined an ideal future state, and crafted an associated vision document. The outcome of this process helped to provide three important elements of the Strategic Plan.

First, we were able to affirm that the seven critical issue areas of customer solutions and value, reliability utility services, fiscal stewardship, sustainable stewardship, workforce, regulatory, and governance still form the foundation of our work.

Second, we identified seven strategic priority areas to give focus to in the near term. Those include regionalization efforts, enhancing existing services, exploring new services, elevating our marketing/branding, attracting and retaining a multi-generational workforce, leadership development, and enhancing the board culture.

Finally, for the first time, we were able to round out the Policy Governance model's framework by developing ends policies, which are the Board's expression of the intended outcomes the recipients of the organization's work (customers, community, etc.) are expected to receive if we are being successful. These ends policies were able to form the foundation for key performance indicators, which will be regularly reported to the Board.

Recommendation: The Board of Directors adopted the Holland Board of Public Works 2020 Strategic Plan.

<i>Motion to approve recommendation</i>	<i>Lilly</i>
<i>Second</i>	<i>Haworth</i>
<i>Lilly</i>	<i>Y</i>
<i>Franz</i>	<i>Y</i>
<i>Miller</i>	<i>Y</i>
<i>Haworth</i>	<i>Y</i>
<i>Hemingway</i>	<i>Y</i>
<i>Favor</i>	<i>5</i>
<i>Oppose</i>	<i>0</i>

20.158 **Contracting with Marsh USA Inc. as insurance broker and risk management consultant for FY 21 placement of insurance for Holland Energy Park and 48th Street/6th Street peaking units**

The current broker for the City and HBPW, Arthur J. Gallagher (AJG), has been in place since 2016, and initially was involved in placing only non-energy coverage for the City of Holland and Holland Board of Public Works. AJG has a large presence in the municipality space. In 2017, AJG organized the energy generation specific coverage for the Holland Energy Park. Since then, insurance markets have "hardened" considerably, with underwriting criteria tightening and premium costs significantly increasing. This appears to be especially true in the energy space. For the FY21 HEP renewal, AJG has provided some indicative rates, but not firm rates/commitments as of the date of this meeting. Given the value of HEP, and its strategic importance to the greater Holland economy, management is compelled to seek alternative sources of insurance coverage.

Marsh USA has been involved in the HEP project since its inception, having provided the construction period insurance coverage. Marsh USA is the leading producer for all mutual insurance companies serving the utility and renewable energy sectors, serving over 270 utility clients, placing over \$1 billion in premium into the market each year. They have offered to step in to arrange placement of coverage not only HEP but the HBPW peaking units as well. The time frame is very short (about 3 weeks) but Marsh is confident, given their presence in the energy utility space, that they have the ability to get

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coverage in place at competitive rates by June 30, 2020. We have received this assurance personally from the Marsh USA Managing Director of the US Power and Utility Practice. His June 8, 2020, email to HBPW is attached.

Management is proposing a one year agreement at this time, at an annual fixed fee of \$50,000.

Recommendation: The Board of Directors approved the Marsh USA client services agreement, for a term of June 8, 2020 - June 30, 2021, at a fixed fee of \$50,000.

<i>Motion to approve recommendation</i>	<i>Haworth</i>
<i>Second</i>	<i>Franz</i>
<i>Lilly</i>	<i>Y</i>
<i>Franz</i>	<i>Y</i>
<i>Miller</i>	<i>Y</i>
<i>Haworth</i>	<i>Y</i>
<i>Hemingway</i>	<i>Y</i>
<i>Favor</i>	<i>5</i>
<i>Oppose</i>	<i>0</i>

20.159 BOARD COMMENTS

Our next meeting is scheduled for June 22. There is a possibility this will be an "in person" meeting. Stay tuned for more details.

ADJOURNMENT

A motion to adjourn the meeting of *June 8, 2020*, was made by *Haworth* supported by *Miller* and agreed upon by the Board of Directors present.

The Board Meeting of June 8, 2020, adjourned at *6:44 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board