

REGULAR MEETING

The HBPW Board of Directors met
Via Zoom Teleconference
December 7, 2020
at 4:00 p.m.

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

Members Present: Tim Hemingway (Holland, MI), Diane Haworth (Holland, MI), Sue Franz (Holland, MI), Paul Lilly, (Holland, MI), P.J. Thompson (Holland, MI) City Council Liaison Nathan Bocks (Holland, MI) *Late*, and Ex Officio Members Bob Shilander (Park Twp., MI) *Late* and Keith Van Beek (Holland, MI)

Members Absent: None

Staff Present: Dave Koster, Janet Lemson, Becky Lehman, Joel Davenport, Chuck Warren, Ted Siler, Andrew Reynolds, Jane Monroe, Mark Volkers, Nate Johnson, Pete Hoffswell, Steve Bruinsma, Pieter Beyer, Mike Radakovitz, Chris Van Dokkumburg, Jon Hofman

21.103 **Approval of Agenda**

Board Member Haworth made a motion to approve the agenda. The motion was seconded by Board Member Lilly

21.104 **Board Minutes – Regular Meeting Minutes of November 9, 2020, and Study Session Minutes of November 23, 2020**

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

21.105 **Update Miscellaneous Fees and Charges**

HBPW periodically reviews non-rate fees and charges for any needed adjustments caused by changing business conditions. The current schedule was approved by the Board on December 12, 2019, for implementation on January 1, 2020.

The changes in the current schedule are highlighted in the attachment. Most of the changes are the result of an update to the MDOT Schedule C, Equipment Rental Rates, and from incremental changes in material and labor costs.

As part of the Consent Agenda, the Board of Directors approved the January 2021 Schedule of Fees and Charges

21.106 **Adjustment of Water and Sanitary Sewer Charges and Assessments**

The current 'Water and Sanitary Sewer Charges, Trunkage, And Assessment Policy' was established in 2001. Per this policy, frontage, service stub, and trunkage fees are adjusted annually. This recommendation is for the approval of the proposed 2021 fees which, per the policy, were updated based on the Engineering News Record's Construction Cost Index after having been previously updated for 2020 using actual recent construction costs. The Construction Cost Index increased from a value of 11381 to 11579, which represents a 1.7% increase. The resulting increases in charges and assessments (after rounding) are provided in the following table:

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

Category	2020	2021 (Proposed)	% Increase	Basis of Adjustment
Sewer Frontage/Foot	\$56.50	\$57.50	1.8%	CCI
Sewer Trunkage/REU	\$2,670.00	\$2,715.00	1.7%	CCI
6" Lateral/Each	\$1,620.00	\$1,650.00	1.9%	CCI
Water Frontage (Residential)/Foot	\$53.00	\$54.00	1.9%	CCI
Water Frontage (Commercial/Ind'l)/Foot	\$58.00	\$59.00	1.7%	CCI
Water Trunkage/REU	\$890.00	\$905.00	1.7%	CCI
1" Service/Each	\$1,835.00	\$1,865.00	1.6%	CCI
1.5" Service/Each	\$2,325.00	\$2,365.00	1.7%	CCI
2" Service/Each	\$2,650.00	\$2,695.00	1.7%	CCI

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

21.107 **WTP Low Service Pump 3 Repairs**

The five low service pumps supply raw water from Lake Michigan to the WTP. Pumps 2, 3, and 4 are the main supply pumps. They operate on Variable Frequency Drives (VFD), which allows them to vary flow output to meet most of the demands of the water system. Pump 1 is the smallest pump with no VFD that is typically used only during peak demand season, and pump 5 is a standby combination natural gas and electric powered pump which was rebuilt in 2010.

Pumps 2, 3, and 4 are each 23 years old and are nearing the end of their useful lives without investment to extend those lives. During a recent dive inspection of the WTP's intake, the divers also inspected the suction side of the pumps and noted extensive cavitation and erosion damage on the impellers of pumps 1-4. Since that time, pump 3 was removed by WTP staff and transported to a local machine shop for inspection and repair at their facility. The shop found that many components of the pump are worn and must be replaced or repaired to ensure continued operation of the pump. Additionally, they have determined that the impeller is beyond repair and must be replaced. The extent of the damage was not fully clear until the pump was removed for proper inspection.

To date, the costs incurred include:

- \$300 - Miscellaneous hardware (straps, supports, etc.) for pump removal.
- \$900 - Forklift rental for pump loading onto the delivery truck.
- \$22,913 - PO issued to KSB Dubric for pump and motor repairs based on the best information available at the time.

Repair costs anticipated in addition to the above are:

- Another \$45,000 to KSB Dubric for the additional work required on the pump, including a new impeller.
- \$900 – Forklift rental for pump reinstall.

The total project cost for all of the repairs to pump 3 are expected to be approximately \$70,000, but an additional \$5,000 is being requested to account for any additional unforeseen conditions during pump repair and/or reinstallation. A significant portion of the cost, \$30,000, is attributed to the new impeller alone.

This is the first major pump overhaul for the three identical pumps (2, 3, and 4) since these pumps have been installed. It is difficult to gauge the cost of these types of pump rebuilds while the pump is still installed and in operation. Based on the inspection and necessary repairs of pump 3, staff will budget in the water utility capital improvement plan for the remaining pumps to be rebuilt accordingly.

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

As part of the Consent Agenda, the Board of Directors approved a transfer from contingency in the amount of \$75,000 to be able to complete the required repairs and capitalize the project.

21.108 Pole Attachment Agreement Contract Approval

Holland BPW Electric Distribution owns and maintains most utility poles in the HBPW service area. In general, third party entities such as cable companies, phone companies, and fiber internet service providers attach their equipment to existing HBPW utility poles; and in some cases, HBPW attaches power to third party company poles. HBPW had numerous Pole Attachment Agreements that govern attachments and set attachment fees. Last year at the March 11, 2019, Board meeting, the Board approved the termination of all pole attachment contracts in order move to a uniform contract for all companies.

The previous pole attachment agreements were diverse in language, fees, and implementation methodologies. The contractual variations created ongoing challenges that negatively impacted the community. Some of the agreements did not have sufficient language to motivate attachees to perform their duties in a timely manner. This resulted in a number of old, shortened poles being co-located with brand new poles that HBPW elected to replace--an aesthetic disturbance to the community, and at times, a safety concern. HBPW has worked with the communications companies that are attached to our poles, and most have agreed to the new standard contract. Comcast is the latest to come to agreement with us and is recommended for approval.

The new agreements contain a number of improvements.

- Utilizes an industry standard rate calculation that makes the attachment rate equal for all companies that will be attaching to our poles.
- Annually adjustable to reflect HBPW’s investment in new poles and infrastructure where Licensee’s gain a benefit.
- Includes timelines for attachment removals and transfers of communications equipment from old poles to replacement poles, which reduces the number of duplicate poles in the field.
- Allows for additional forms of cellular equipment to be mounted to HBPW poles, which is new For utilities and consistent with Michigan SB 637.

We will have two companies left that have not yet assented to the terms of the new pole attachment agreement. Efforts continue with these firms to get them on the new standard agreement and those will be brought for approval at a later date.

Attachee	Contact	Last Contact	Assent to Terms?
Charter Communications, Inc.	Aaron Bekius	Unresponsive	No
Everstream Great Lakes Comnet	Clarise Jackson	4/14/2020	YES
Everstream GLC Holding Company, LLC	Erica Bennett	4/8/2020	YES
AT&T – Michigan Bell	Sharon Rosiak	11/02/2020	No - Legal Reviewing
Comcast	Shannon VanSach	11/23/2020	YES
US Signal Company, LLC	Barbara Boshoven	3/31/2020	YES
KEPS Technologies, Inc d/b/a ACD.net	Kevin Schoen / Andrea Brand	4/6/2020	YES
Fiber Technologies Network, LLC / Crown Castle	Drew Parker	4/9/2020	YES
Holland BPW Fiber	Pete Hoffswell	3/18/2020	YES

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

As part of the Consent Agenda, the Board of Directors approved a Pole Attachment Contract Agreement with Comcast of Michigan, LLC, pending final approval as to form by the City Attorney.

21.109 Units 6, 7, 8, and 9 Generator Testing and Inspection

General Electric (GE) is the OEM of Units 6, 7, 8 and 9 combustion turbine generators (CTG) and recommends generator electrical testing and borescope inspections as an important part of an owners' preventative maintenance program. Electrical tests can identify degraded insulation, electrical shorts between windings, poor connections and breaks, and contamination. Borescopes can identify cleanliness, foreign material, loose or displaced parts, corrosion, cracks, and burning. In the past, HBPW has performed electrical tests during hot gas path or combustion inspections. HBPW desires to strengthen our preventative maintenance program to assure reliability of the units and is now transitioning to a more robust program in alignment with GE recommendations.

The electrical tests will be conducted by two generator specialists and consist of the following:

- Winding and copper resistance testing to check for poor connections and breaks
- Megger and polarization index (PI) field and stator winding testing to check for contamination and/or deterioration of insulation
- DC Leakage and current stator testing to check for contamination and/or deterioration of insulation
- DC Hipot stator winding to look at ground wall insulation integrity
- Shorted turn test to look for shorts between windings in the field

The generator borescope inspections will look at the areas of the stator and rotating field that otherwise would not be accessible without removing the rotating field due to the tight clearance between the stator and field. In addition, the borescope inspections will look at the area under the field retaining rings located at each end of the field.

Inspection services were originally bid to two qualified bidders in August of 2020. GE's proposal price of \$93,600 was approximately \$24,000 (20%) lower than the proposal price received from Mechanical Dynamics & Analysis (MD&A). Following that bid, the project scope was modified based upon recommendations from GE. The original scope called for a power factor test but GE instead recommends performing stator winding hipot testing. Hipot Test is the short name of high potential (high voltage) testing and is a nondestructive test that determines the adequacy of electrical insulation.

The increase in cost from GE's original proposal is due to the additional costs for the hipot test, in particular the work to remove and reinstall end shields as necessary to view the generator stator during testing. HBPW staff only negotiated the modified scope with GE due to the large pricing gap between them and MD&A on the initial bid results.

Bidder Name	Business Location	Quote Amount	Meets Specifications	Previous Contracts
General Electric (GE)	Schenectady, NY	\$ 152,500.00	YES	YES

Included in the work scope are services by GE to disassemble and reassemble areas of the generator required for both testing and inspection.

As part of the Consent Agenda, the Board of Directors approved a contract with General Electric in the amount of \$152,500 with a contingency of \$22,500 for a total of \$175,000 pending approval as to form from the City Attorney.

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

21.110 Bill-of-Sale and Utility Easement at Park Vista Place

Lakeshore Habitat for Humanity, Inc. constructed the Park Vista Place Condominiums near 60 E. 40th Street. This development is complete with new public utilities having passed acceptance testing and new customers being served by those utilities. The easement is as depicted on the approved construction plans and was granted in the recorded master deed of the development. The master deed has been included for reference.

As part of the Consent Agenda, the Board of Directors accepted a bill-of-sale for underground utilities with Maplewood Village Development, LLC for the sum of less than \$1, pending approval as to form from the City Attorney.

21.111 Action on Consent items:

Motion to approve, accept, or adopt Consent Agenda items	<i>Haworth</i>
Second	<i>Thompson</i>
Hemingway	<i>Y</i>
Haworth	<i>Y</i>
Franz	<i>Y</i>
Lilly	<i>Y</i>
Thompson	<i>Y</i>
Favor	<i>5</i>
Oppose	<i>0</i>

21.112 Communications from the Audience

All communications received for the Board via e-mail were regarding Climate Change and are shown in the document attached to the agenda. No in-person comments were made at the meeting. We received nine public comments regarding climate change in our publiccomment@hollandbpw.com e-mail box in the last 30 days.

Motion to approve public comments made by Haworth and seconded by Franz. Motion passed 5/0

21.113 Major Project Update

For information only

21.114 Engineering Services Contract for WRF Raw Sewage Pumps Replacement

The WRF's four raw sewage pumps, and associated piping and valves, range in age from 20-60 years old and are approaching the end of their useful life. The pumps have been identified for replacement by plant staff based on their age combined with their essential need in a critical plant process. The project also includes modifications needed to resolve inefficient operation of the pumps during low flow conditions.

The project team requested proposals from three qualified local engineering firms for engineering services for the project's design, bid, and construction phases. The table summarizes the proposals that were received and reviewed by BPW staff.

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

score and their proposed team's experience with similar high voltage line projects in west Michigan within the past three years, the team recommends awarding the contract to GRP Engineering.

Recommendation: The Board of Directors approved an Engineering Services Contract with GRP Engineering, Inc. for a not to exceed amount of \$485,000 and a contingency of \$70,000, pending approval as to form from the City Attorney.

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

21.116 **MERS Adoption Agreement Addenda**

Since 1968, the City of Holland and HBPW have been members of MERS and have provided full-time employees with retirement plans administered by MERS. MERS currently maintains three Defined Benefit (DB) pension divisions for the HBPW:

- A non-union division that was closed to new members effective 1/1/2003.
- A utility union division that was closed to new members effective 12/1/2006.
- A clerical union division that was closed to new members effective 5/1/2008.
(Note: The clerical union has since decertified.)

These closed DB pensions were replaced with Defined Contribution (DC) retirement plans, commonly known as 401(a) plans, which are also administered by MERS. These plans are similar to the more widely known 401(k) plans, but are offered by governmental entities and other public employers like schools and non-profit entities. Page 1 of 2

Currently, MERS administers retirement plans for more than 850 Michigan governmental entities. As part of an internal effort to improve its plan administration, MERS is requiring all member employers to submit an updated Adoption Agreement Addendum for each plan type to clarify and reconfirm the provisions of their pension plans.

The purpose of this Addendum is to more clearly and consistently define important retirement plan components, including plan eligibility, "day of work" definitions, the impact of leaves of absence, the definition of compensation, and employee contribution requirements. As a subdivision of the City of Holland, the Holland Board of Public Works has been informed by MERS that our Adoption Agreement Addendum will require approval by both our Board and by City Council.

Separate addenda are required for the HBPW's closed DB retirement divisions and its open DC retirement divisions. HBPW staff has worked with MERS and City human resources staff to understand and complete the required documents. These documents have been completed with the sole intent of properly codifying existing retirement plan practices, obligations, coverages, and benefit levels. Approval of the attached exhibits will reaffirm existing administrative practices and retirement benefits.

In the very unlikely event that – despite our due diligence – these addenda are interpreted by some party to constitute material changes from past benefit provisions, any such changes were not intended and will be brought to the attention of the Board for appropriate resolution.

Recommendation: The Board of Directors approved the Defined Benefit Plan Adoption Agreement Addendum and the Defined Contribution Plan Adoption Agreement Addendum with the Municipal Employees' Retirement System of Michigan (MERS).

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

21.117 Closed Door Session – General Manager Evaluation

Motion to enter Closed Session @ 5:05 p.m.		<Name>
Made by	Haworth	<Name>
Second:	Franz	
Favor	5	
Oppose	0	
<i>ROLL CALL: Hemingway, Haworth, Franz, Lilly, Thompson</i>		

Motion to re-enter Open Session @ 5:30 p.m.		<Name>
Made by	Lilly	<Name>
Second	Haworth	
Favor	5	<#>
Oppose	0	<#>

21.118 General Manager's Annual Evaluation

The Board of Directors approved an adjustment to the pay scale of the General Manager to range from \$185,361 - \$280,452, with a median pay of \$234,858. After evaluation, the HBPW General Manager's pay will move to \$237,000 annually.

Haworth made a motion to approve the General Manager's annual evaluation and pay raise. The motion was seconded by *Thompson*.

<i>Hemingway</i>	<i>Y</i>
<i>Haworth</i>	<i>Y</i>
<i>Franz</i>	<i>Y</i>
<i>Lilly</i>	<i>Y</i>
<i>Thompson</i>	<i>Y</i>
<i>Favor</i>	<i>5</i>
<i>Oppose</i>	<i>0</i>

21.119 General Manager Comments

- Our next regular BOD meeting is January 11
- Next Monday is a Chamber of Commerce virtual coffee with Bill Huizenga from 10-10:30; let us know if you are interested in attending, and we will make your reservation
- The lights are on at Holland Energy Park. Take a walk on the trails!

21.120 Board Comments

- Our next Study Session is scheduled for December 28, we'll cover a review of Delegation Policies 6-10 as well as the 5-year capital plan of the BPW's Water Utility.

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

ADJOURNMENT

A motion to adjourn the meeting of *December 7, 2020*, was made by *Haworth* supported by *Franz* and agreed upon by the Board of Directors present.

The Board Meeting of December 7, 2020, adjourned at *5:36 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board