

REGULAR MEETING

The HBPW Board of Directors met
June 7, 2021
at 4:00 p.m.
625 Hastings Ave.
Holland, Michigan

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

Members Present: Tim Hemingway, Diane Haworth, Sue Franz, Paul Lilly, PJ Thompson, and Ex Officio Member Bob Shilander

Members Absent: Nathan Bocks, Keith Van Beek

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

21.235 **Approval of Agenda**

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

21.236 **Board Minutes – Regular Meeting Minutes of May 10, 2021, and Study Session Minutes of May 24, 2021**

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

21.237 **First Amendment to Consumers Energy Lease Agreement**

The Consumers Energy natural gas interconnection provides a backup to BPW's connection with the ANR pipeline and also provides BPW with the ability to use a small volume of natural gas storage with Consumers. The interconnection facility is located on property owned by Consumers Energy and leased to BPW for this purpose.

BPW entered into the current lease agreement with Consumers Energy for the interconnection property in 2016, concurrent with an updated interconnection agreement that was executed at that time. The 2016 interconnection agreement was recently replaced with a 2021 restated agreement. Of note however is that the lease agreement is tie-barred to the interconnection agreement and currently specifically references the 2016 agreement. This proposed amendment to the lease agreement will update the reference to the interconnection agreement to instead reference the 2021 restated agreement. All other terms of the lease remain unchanged.

As part of the Consent Agenda, the Board of Directors approved Amendment No. 1 to the lease agreement with Consumers Energy subject to approval as to form by the City Attorney.

21.238 **Lakewood Transmission Main – CSX Railroad Facilities Encroachment Agreement**

The design of the future Lakewood Transmission Main includes a proposed crossing beneath CSX rail lines that exist between Lakewood Boulevard and Douglas Avenue just east of River Avenue. The railroad requires a facility encroachment agreement to review and permit this work to occur. Along with the signed agreement, CSX requires plan review, licensing, and liability insurance fees for a total of \$7,700.

* 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 facility encroachment agreement with CSX Transportation, Inc. pending approval as to form by the City Attorney.

21.239 **Bill-of-Sale and Utility Easement at Shoreline Flats**

Kendall Property Group constructed the Shoreline Flats apartments at Quarterline Road and 16th Street. This development is complete with new public utilities having passed acceptance testing and new customers being served by those utilities. The new public utilities consist of public watermain from 16th Street through the apartment complex to complete a loop to Northwest Crossing. The easement is depicted on the approved construction plans.

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

21.240 Action on Consent items:

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

21.241 **Communications from the Audience**

None

21.242 **Major Project Update**

For information only

21.243 **10th Street Lead Service Line Replacements**

HBPW is partnering with the Transportation Department on replacement of water and sewer utilities during the 10th Street reconstruction project. This is an MDOT local agency project that is governed by MDOT specification and requirements. The work includes the replacement of water mains along the project corridor as well as the replacement of 50 lead service lines per EGLE requirements.

HBPW completes service line replacement agreements with each customer that has a lead service being replaced as part of a capital project. This is done because the water service is owned by the customer and the agreement provides HBPW with the right to perform the work while not taking on future ownership responsibilities.

During the final project review process, MDOT identified that the water service replacement agreements did not meet their requirements because all utilities installed as part of MDOT work need to be in the ROW or an easement; and any easement agreements needed to be completed prior to the project being bid. Since the agreements do not establish permanent easements for the services, and it was not possible to complete the agreements in the limited time remaining before the project needed to be bid, the service replacements were removed from the MDOT contract in order to be completed via another mechanism.

Since the new service lines are best installed at the same time as the new water main and there is significant coordination required between the installation of the water main and the water services, it was determined that the best path forward was to pursue an independent contract with the winning

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bidder of the MDOT project. This would allow the same contractor who is managing all the other work on the project to also manage the replacement of the services. This approach was reviewed and approved by MDOT and the Transportation Department. HBPW requested pricing for the work from the winning bidder (Kamminga & Roodvoets Inc).

The proposed pricing was higher on a unit cost basis than HBPW has experienced on other recent capital projects. The proposed pricing equates to approximately \$4,800 per water service replacement. In 2020, similar work was completed for ~\$4,000 per water service. The pricing was justified by obtaining multiple quotes for the parts and subcontractors, and HBPW agrees that the increased cost is reflective of current market prices for this work. The increased cost is partly attributable to COVID supply and labor shortages, as well as a significant increase in demand for this type of work. 2021 is the first year of the state mandated 20-year replacement timeline for lead services.

The total cost for the work is \$242,000, with a 10% contingency of \$24,200, for a total of \$266,200.

Recommendation: The Board of Directors approved a contract with Kamminga & Roodvoets, in the amount of \$242,000, with a 10% contingency of \$24,200 for a total of \$266,200, pending approval as to form from the City Attorney.

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

21.244 **Energy Services Project Solar Authorizations**

MPPA has recently negotiated two new PPAs for the purchase of renewable solar energy, capacity, and environmental attributes on behalf of participants of MPPA's Energy Services Project. The agreements are with Hart Solar Partners, LLC for a solar generation facility located in Oceana County and Calhoun County Solar Project, LLC for a facility located in Calhoun County. BPW's proposed participation in Hart Solar facility is 23.4% of MPPA's 50 megawatt (MW) portion of that facility (approximately 11.7 MW). BPW's proposed participation in the Calhoun solar facility is 24.0% of MPPA's 25 MW portion of that facility (approximately 6 MW). BPW's total proposed participation in the two projects is approximately 17.7 MW of installed capacity.

BPW currently has agreements with multiple renewable energy suppliers as part of its purchased power portfolio. Historically this has been comprised of a combination of landfill gas and wind energy resources. More recently, it has also included solar energy resources including Assembly Solar I which began commercial operation in December 2020 and the Assembly Solar II and Invenergy Solar facilities that are both expected to be commercially operational in the next fiscal year. In calendar year 2020, renewable energy supplied 14.9% of BPW's retail electric sales. With the additional solar already planned to come into service next fiscal year, renewable energy is expected to supply around 16% of BPW's retail sales in calendar year 2022.

Staff is recommending participation in the two new solar farms in order to improve diversification of BPW's renewable portfolio and continue work toward community decarbonization goals. Combined with prior solar commitments, these authorizations would increase BPW's total solar resources to approximately 30 MW of installed capacity. Based on analysis performed by MPPA and BPW staff, the new solar resources are projected to be cost favorable to the current purchased power market and are expected to be a good fit for Holland's load curve.

Also of note to this recommendation is that the 17.7 MW of installed capacity at the solar farms better positions BPW for the potential loss of the utility's 15 MW of installed capacity at Wildcat Wind Farm. The PPA for that resource is currently set to expire at the end of calendar year 2022. Negotiations are

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ongoing relative to a potential new PPA with Wildcat but the ultimate outcome of those discussions is not yet known. Of note is that the energy supply from the two new solar resources is expected to be the equivalent of approximately 80-85% of the energy currently supplied by Wildcat. This means that even if a new PPA with Wildcat is not reached, BPW's renewable portfolio would still be projected to supply >15% of BPW's retail sales.

Recommendation: The Board of Directors approved the signing of Letters of Authorization from MPPA by BPW's General Manager as part of the Energy Services Project for approximately 17.7 MW of installed capacity of solar power from Hart Solar Partners, LLC and Calhoun County Solar Project, LLC.

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

21.245 **Gas Pipeline In-Line Inspection**

The Holland BPW is required to conduct in-line inspections (ILI) on our gas pipelines every seven years as part of the Pipeline Integrity Management Program. The gas line that supplies 48th Street Generating Station, A-Line, was last cleaned and in-line inspected in 2014 making it due for another ILI. The gas pipeline that supplies the Holland Energy Park, B-Line, was tested and commissioned in 2016 putting the ILI due date in 2023. However, conducting both inspections this year gets both lines on the same schedule allowing easier tracking and planning of the ILI as well as reduced mobilization costs.

The scope of this ILI consists of three stages. The first is a survey of the pipelines which will help verify pipeline location and assist in setting locations for ILI tool tracking equipment. The second stage is pipeline cleaning. Pipeline cleaning devices or "pigs" will be sent through the pipeline to remove any debris or contaminant buildup on the walls. This not only helps keep our natural gas clean but also allows for more accurate measurements by the inspections tools. The third and final stage is sending the inspection tools down the pipeline. The Pipeline Integrity Management Program requires that deformation (DEF) and high resolution magnetic flux leakage (MFL) ILI tools are used to inspect the pipeline. A DEF tool is used to identify anomalies in the pipelines' geometry such as buckling, expansions, ovality, dents, wrinkles, etc. A MFL tool is used to identify corrosion and cracking anomalies such as gouges, pitting, wall metal loss, etc. Also included in the scope is an inertial mapping (XYZ) tool that will allow for accurate mapping of pipeline centerline and coordinates for found anomalies. TDW plans on combining the three tools into one "train" to allow for more accurate reporting of different anomalies in the same location.

Included in TDW's \$196,450 proposal are costs for all pigs, tools and labor as well as pig and tool tracking services, matting at launcher and receiver locations, onsite project management as well as lifting equipment if deemed necessary. The requested 17% contingency will be used for additional materials or services from TDW.

Bidder Name	Business Location	Evaluated Bid	Meets Specifications	Previous Contracts
Rosen USA	Houston, TX	\$201,423.72	YES	NO
TDW (US), INC	Tulsa, OK	\$196,450.00	YES	YES
Baker Hughes	Houston, TX	DECLINED	N/A	NO

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Other costs for this project in addition to this contract will include environmental services to clean up tooling as it is received, disposing of the waste, and verification digs that are required by the Pipeline Integrity Management Program. The verification digs require excavation around identified anomalies and conducting non-destructive testing to verify the readings from the ILI tools. Costs of the environmental services and verification digs are currently estimated at around \$90,000 but actual costs will not be known until the ILI is performed and actual location of verification digs are determined.

Even with the additional costs for environmental services and verification digs, total project costs are expected to be well below the budgeted cost of \$700,000. The lower cost is primarily attributable to a change in scope versus budget basis. The original scope included the addition of Spiral Magnetic Flux Leakage (SMFL) technology. Inclusion of SMFL was expected to add approximately \$200,000 to the cost of the ILI due to the additional contractor services and costs necessary to launch and receive the longer "pig". Based on a review of the inspection results from the last A-Line inspection and the age of the B-Line, staff decided to hold off on SMFL inspection until the next scheduled inspection of the pipelines.

Recommendation: The Board of Directors approved a contract with TDW (US), Inc. in the amount of \$196,450 with a 17% contingency of \$33,559 for a total of \$230,000, pending approval as to form from the City Attorney.

<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>

21.246 **Closed Door Session – Property Acquisition and to Review Legal Opinion**

Motion to enter Closed Session @ 5:15 p.m.		<Name>
Made by	Lilly	<Name>
Second:	Haworth	
Favor	5	
Oppose	0	

ROLL CALL: Hemingway, Haworth, Franz, Lilly, Thompson

Motion to re-enter Open Session @ 5:39 p.m.		<Name>
Made by	Lilly	<Name>
Second	Haworth	
Favor	5	<#>
Oppose	0	<#>

21.247 **General Manager Comments**

- Gallagher and Marsh are working on the proposals for our next Board meeting. We anticipate substantial increases, especially in the cybersecurity area
- It is likely we will be having a closed session at one of our next meetings regarding cybersecurity
- The bond transaction payoff took place last Tuesday (June 1)
- The BPW and working staff in the offices/plants and working from home are getting back to normal for our employees. We had great success and productivity with our staff who were telecommuting, We ensured the lines of communication always remained open.
- Our next meeting will be a Special Meeting and planning to be held at the City Council Chambers. The meeting is June 28 and will be held immediately following the SDT meeting. The Special Meeting will begin at 5 p.m.

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ADJOURNMENT

A motion to adjourn the meeting of *June 7, 2021*, was made by *Haworth* supported by *Lilly* and agreed upon by the Board of Directors present.

The Board Meeting of June 7, 2021, adjourned at *5:59 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board