

REGULAR MEETING

The HBPW Board of Directors met
October 7, 2024
at 4:00 p.m.
625 Hastings Ave.
Holland, Michigan

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

Members Present: PJ Thompson, Carolyn Maalouf, Paul Lilly, Kyle Engbers, City Council Liaison Scott Corbin, and Ex Officio Members Dave Couch and Keith Van Beek

Members Absent: Brian Lynn

Staff Present: Dave Koster, Janet Lemson, Becky Lehman, Ted Siler, Joel Davenport, Pieter Beyer, Julie DeCook, Brian Richey, Mark Gipson and Vince Duckworth from Cunningham Dalman

25.060 **Approval of Agenda**

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

25.061 **Communications From the Audience**

None

25.062 **Board Minutes – Regular Meeting Minutes of September 9, 2024, and Study Session Minutes of September 23, 2024**

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

25.063 **Grant of Utility Easement for a Housing Development Located at 717 East 24th Street**

Magnus - 24 East Limited Dividend Housing Association Limited Partnership has requested an alteration to an existing easement located at 717 East 24th Street, so that this parcel can be developed further for housing. We have altered the existing easement which includes a vacated portion and an additional area so that Holland BPW can locate underground utilities, if needed, along Waverly Road.

As part of the Consent Agenda, the Board of Directors approved an easement for the City of Holland, acting by and through its Board of Public Works, and Magnus - 24 East Limited Dividend Housing Association Limited Partnership, for the parcel described in the attached Easement and located at 717 East 24th Street, Holland, MI 49423, pending final approval as to form by the City Attorney.

25.064 **WRF Raw Pumps Replacement Engineering Contract Contingency**

Fishbeck is the engineer for the raw pumps replacement project at the Holland Area Water Reclamation Facility (WRF). This project was placed on hold during the pandemic and re-started in 2024. That original contract for this project was approved by the HBPW Board in December 2020.

Given the project pause and re-start, Fishbeck incurred additional costs over the original contract sum. The HBPW executed Change Order No. 1 in March 2024, which subtracted the construction

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phase costs and added in the additional design and bidding costs incurred due to the pause in the project, as well as several value engineering changes.

The proposed contingency adjustment is needed in order to process a planned Change Order No. 2 that will add the construction phase engineering services back into the Fishbeck contract prior to commencement of construction by Allied Mechanical Services (AMS). It also will provide a small contingency to address any unforeseen issues that may arise during construction. The table below summarizes the expected impact to the contract budget:

Original Contract Value	\$126,000
Change Order No. 1 (pause-related design phase cost adjustment and removal of construction phase services)	\$(22,900)
Planned Change Order No. 2 (adding construction phase services cost adjusted for project pause back into scope)	\$61,100
Subtotal	\$164,200
Construction Phase Contingency	\$15,400
Total	\$179,600

With this contract contingency amendment, the overall project remains under the budgeted amount of \$2,300,000.

As part of the Consent Agenda, the Board of Directors approved an increase to the Fishbeck raw pumps replacement project contract contingency in the amount of \$40,000, for an overall contract and contingency total of \$179,600.

25.065 **Southwest Heights Construction Phase 2**

In April of 2022, the Board approved a contract with Holland Engineering for a multi-phase project spanning multiple years for the replacement of cast iron water main in the Southwest Heights neighborhood. This neighborhood contains one of the highest densities of water main breaks over the last decade. The first phase of construction was completed in 2023 in which 5,000 feet of water main was replaced. This recommendation addresses the surveying and engineering design for the second phase of the project.

The second phase includes the replacement of 9,000 feet of deteriorated water main across several blocks of the Southwest Heights neighborhood generally bounded by 29th and 32nd St to the north and south, and Ottawa Avenue and Washington Avenue to the west and east. The Transportation Department will provide funding for a road reconstruction and storm sewer replacement in 29th and 30th Streets between Van Raalte Avenue and Washington Avenue. The work will also result in the replacement of 80 galvanized lead service lines. The totality to be designed will complete the project area for this neighborhood, allowing for continued efforts in other parts of the system for years to come.

The engineering for the first phase of the project was competitively bid and awarded to Holland Engineering with the intent that the same engineer continues on to complete both phases of the project to provide consistency across the work. Staff, therefore, requested a proposal from Holland Engineering to provide engineering services for the second phase. Based on Holland Engineering's proposal and performance on the first phase, HBPW staff recommends proceeding with Holland Engineering for the second phase of the project as well.

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As part of the Consent Agenda, the Board of Directors approved a contract with Holland Engineering, Inc. in the amount of \$302,218.70, with a 10% contingency of \$30,221.87 for a total of \$332,440.57, pending approval as to form from the City Attorney.

25.066 **Calendar Year 2025 Board Meeting Schedule**

Currently, the HBPW's Board of Directors is scheduled to meet twice a month, once for a Regular Board Meeting, and once for a Study Session. Regular Board Meetings are scheduled on the first Monday following the first Wednesday City Council Meeting of the month. Study Sessions are scheduled for the fourth Monday of the month, except for holidays or known conflicts.

After the calendar year meeting schedule is approved, it is posted publicly with the intent to give adequate notice of Board meetings.

As part of the Consent Agenda, the Board of Directors approved the calendar year 2025 Board meeting schedule.

25.067 Action on Consent items:

Motion to approve, accept, or adopt Consent Agenda items	<i>Lilly</i>
Second	<i>Maalouf</i>
Favor	<i>4</i>
Oppose	<i>0</i>

25.068 **Major Project Update**

For information only

*Project Closeouts:
10th & 11th – Van Raalte Water Main Replacement (WR-90)
18th Street Water Service Replacement (WR-100)*

25.069 **Amended and Restated White Ox Power Purchase Commitment Authorization**

In January of 2023, MPPA executed a 10-year, 25 megawatt (MW) Capacity Purchase and Sales Agreement (CPA) with Battery Energy Storage System (BESS) developer White Ox, LLC, who was to construct a new BESS on or before June 1, 2026. Correspondingly, in February of 2023, the HBPW Board of Directors and Holland City Council authorized the HBPW General Manager to execute a Power Purchase Commitment Authorization (PPC) for participation in the project. The PPC provided for Holland to receive approximately 3.5 Megawatts (MW) of Zonal Resource Credits (ZRCs) in years 1-3 and 6.0 MW of ZRCs in years 4-10 of the project.

HBPW is required by the Midcontinent Independent System Operator (MISO) and Michigan Public Service Commission (MPSC) to annually demonstrate that it has sufficient generation capacity to meet maximum system demand and a MISO calculated reserve margin. ZRCs are the compliance tool used to provide this demonstration of resource adequacy. The ZRCs in the CPA are unit contingent, meaning that the actual ZRCs received each year would vary based on the BESS operating performance and MISO accreditation rules in place at that time.

Since the time of the original authorization, the BESS developer has communicated potential development delays due to challenges in contracting the other power products from the BESS and conforming to wholesale market rules when two or more buyers are representing the resource in wholesale power markets. To ensure that these challenges do not cause delays and/or potential

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disputes, the parties have agreed to terminate the CPA and replace it with a financially firm capacity transaction known as a ZRC Transaction Confirmation. The capacity in the replacement ZRC confirmation is the same price, term, quantity, and start date as in the CPA, however it is no longer unit contingent. This means that the replacement ZRC confirmation actually eliminates development and operating performance risk that could have otherwise lowered the volume of ZRCs received under the agreement.

Recommendation: The Board of Directors approved the signing of the amended and restated Power Purchase Commitment Authorization by HBPW's General Manager as part of the MPPA Energy Services Project.

<i>Motion to approve recommendation</i>	<i>Maalouf</i>
<i>Second</i>	<i>Lilly</i>
<i>Favor</i>	<i>4</i>
<i>Oppose</i>	<i>0</i>

25.070 **Budget Amendment and Change Order for the Lake Macatawa Transmission Main Rehabilitation**

Grouting Change Order

In June of 2024, the Board approved a contract with Gabe's Construction in the amount of \$811,232, with a 15% contingency of \$121,684, for a total of \$932,916 for the slip lining of the transmission main under Lake Macatawa. After slip lining, the next phase of work was the grouting of the annular space between the two pipes.

The engineer for the project (Brierley Associates) engaged with several specialty grouting contractors and identified that the best material for grouting was a bentonite bore grout mixture. One of the defining characteristics for its selection was its ability to be pumped across the 3,200 ft. of pipeline and 90 ft. of elevation difference at either end of the pipe. A secondary factor was the ability for it to be stored for multiple days during grout mixing due to the limited site footprint which did not allow for a batching plant that could mix product at the required pump rate.

Several grout installers were contacted, but none were willing to submit a proposal on the work due to the unique challenges associated with the distance that needed to be pumped and the site constraints. Since the bore grout is a similar product to traditional horizontal directional drilling mud that Gabe's Construction has experience with, they put forth a proposal in the amount of \$326,947 as well as an equipment staging and pumping plan, that was deemed acceptable.

The attached change order for \$388,530 incorporates the grouting work into Gabe's existing construction contract. With the previously approved contingency of \$121,684, as well as savings of \$10,175 realized during final contract negotiations for the slip lining work, this change order represents a \$256,671 increase over the previously approved total of \$932,916 for a new contract total of \$1,189,587.

Project Budget Amendment

In April of 2024, the Board approved capital budget amendment in the amount of \$2,500,000 to establish a capital project budget for the unplanned rehabilitation of the transmission main. The budget amendment used expenses incurred at the time plus concept level estimates for the remainder of the work. With approval of the above change order all major phases of the work would be under contract and final costs for the project can be estimated. Based on the updated contract pricing an FY 25 capital budget amendment of \$350,000 is needed for a new total project budget of \$2.85M. The increase is attributable to the below factors:

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After several months of soliciting for additional bids, there was little to no response from local contractors. Consequently, HBPW staff decided to re-bid this project on the public-facing bidding platform, BidNet. Unfortunately, there was only one bid received which was a revised bid from the contractor that submitted originally. This bid was the same package with a price increase of 10%. Again, HBPW staff and the design engineer deemed this bid as undesirable.

Upon further discussion with contractors, it was determined that due to the age, location, and configuration on the station, there are multiple components of the project that are outside the scope of services typically provided by lift station rehabilitation contractors. This made the project difficult to bid due to the numerous subcontractors that would be required. Additionally, it was apparent that contractor availability for these types of projects was limited. This led to researching contractors who specialize in a wider range of municipal and commercial construction. HBPW staff identified Prostar Services who was completing work on the LG ESMI2 site as a potential partner, and they expressed interest in submitting a proposal for the project.

Prostar Services conducted several site visits with relevant subcontractors and HBPW staff to thoroughly understand the site conditions and then submitted a proposal in the amount of \$1.79M. The proposal also includes pricing for bid alternates to line the pump suction piping, lining of the wet well, and replacement of the roof of the building, if this work is found to be necessary during construction. The increase relative to the estimated budget was due to significant increases in construction costs over the past few years compared to the prior lift station projects that the budget was based on.

Upon evaluation of this proposal, HBPW staff and the engineer deemed this proposal as acceptable. Although it exceeds the engineer's estimate for this project, the contractor provided a detailed breakdown of the project scope; and the proposal pricing was found to be reflective of the effort that will be required to complete the work. Based on observations during the site visits, the alternate of lining the suction piping was also recommended for inclusion in the initial contract award. Below is a breakdown of the proposal provided by Pro Services, Inc.

Pro Services, Inc.

Base Bid: \$1,791,000
Alternate 1 (Lining Suction Piping): \$25,000
Alternate 2 (Wet Well Lining): \$10,000
Alternate 3 (Roof Replacement): \$39,000

Proposed Selection

Base Bid + Alternate 1 = \$1,791,000 + \$25,000 = \$1,816,000

Since the proposal exceeds the project budget, a budget amendment is also needed to increase the Lift Station Rehabilitation and Reliability Improvements (17th Street Station) budget line item in the amount of \$1,076,000 for a total of \$2,076,000.

To summarize, HBPW staff is recommending Pro Services, Inc. for the construction services of the 17th Street Lift Station Rehabilitation in the amount of \$1,816,000. Additionally, staff is recommending an increase of the Lift Station Rehabilitation and Reliability Improvements (17th Street Station) budget line item in the amount of \$1,076,000. This amount includes a \$100,000 contingency which is intended to cover any additional engineering and construction costs throughout the rehabilitation of the project.

Construction of the lift station is planned to start in the spring of 2025.

*Recommendation: The Board of Directors approved a contract with Pro Services, Inc. in the amount of \$1,816,000, with a contingency of \$100,000 for a total of \$1,916,000, pending approval as to form from the City Attorney.
Additionally, they approved an increase in the Lift Station Rehabilitation and Reliability Improvements (17th St Station) budget line item in the amount of \$1,076,000.*

<i>Motion to approve recommendation</i>	<i>Maalouf</i>
<i>Second</i>	<i>Engbers</i>
<i>Favor</i>	<i>4</i>
<i>Oppose</i>	<i>0</i>

25.072 **Closed Door Session – Pending Litigation**

A request to enter closed session to consult with the City Attorney regarding trial or settlement strategy in connection with specific pending litigation, Anderson v A.O. Smith Corporation, et al, Case No. 2024L004643, because meeting in an open meeting would have a detrimental financial effect on the litigating or settlement position of the City.

Motion to enter Closed Session @ 5:22 p.m.	
Made by	Lilly
Second:	Maalouf
Favor (yes)	4
Oppose	0

ROLL CALL: Maalouf, Lilly, Thompson, Engbers

Motion to re-enter Open Session @ 5:38 p.m.	
Made by	Maalouf
Second	Lilly
Favor	4
Oppose	0

25.073 **Other Business**

- PFAS Class action suits, we will likely opt out of the BASF class action suits.

25.074 **General Manager Comments**

- This is Public Power Week, Thursday evening we're having an open house at HEP
- Public Power Week customer appreciation donuts on Friday
- Mutual Aid update for hurricane Milton, crews are heading toward Florida. HBPW is sending four of our lineworkers to Orlando for staging ahead of the storm's arrival. We're also sending a bucket truck and a digger. Our Steve Bruinsma is the Mutual Aid Coordinator for the State of Michigan.

ADJOURNMENT

A motion to adjourn the meeting of *October 7, 2024*, was made by *Maalouf* supported by *Lilly* and agreed upon by the Board of Directors present.

The Board Meeting of October 7, 2024, adjourned at *5:47 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board

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