

Regular Meeting  
Board of Public Works  
Water Warehouse Meeting Space  
May 18, 2021

The regular meeting of the Board of Public Works Commission was held at the BPW Water Warehouse, 330 E. Washington, Tuesday, May 18, 2021. Chairperson Boerman called the meeting to order at 3:30 p.m.

PRESENT: Commissioners – Chairperson Boerman, Vice-Chairperson Cooney, Query, Dykstra and Walters  
ABSENT: Commissioners – None

Staff Present: General Manager Boatright, Electric T&D Manager DeKraker, IT Manager Carlton, Electric Power Supply & Market Operations Manager Mulder, Water Manager Levandoski, Utility Accounting & Finance Director Chrisman and City Clerk Holmes

Guest Present: Dwayne Masselink, InterActive Studio

Motion was made by Commissioner Cooney and seconded by Commissioner Dykstra to approve the minutes of the April 20, 2021 regular meeting. Motion carried. All voting aye.

#### ***Public Comment***

No public comment given.

#### ***Safety Minute***

The Safety Minute this month was regarding bicycle safety.

Dwayne Masselink of InterActive Studio was at today's meeting to present the preliminary design along with a budgetary cost and schedule for the North Warehouse project.

Additional storage space was needed and the proposed North Warehouse could be designed using a scalable approach to meet the needs of multiple departments, both for the immediate future and long-term. Based on the decision to implement an interim plan for the BPW office remodel, which includes the addition of offices and a break room in the West Warehouse, the organization has lost warehouse space since the Discovery Report was issued. Accordingly, the conceptual plan for the North Warehouse as presented in the report should be reassessed based on our current needs, and in consideration of our evolving Master Plan. Masselink explained in response to identifying this need, staff consulted with InterActive Studio regarding the best path forward, which resulted in a preliminary meeting with Lakewood Construction to discuss completing the project using a design / build model, and soliciting bids from multiple manufacturers of pre-engineered buildings. A proposal to provide these professional services was subsequently requested and provided by both firms. Staff believes that contracting the professional services of InterActive Studio and Lakewood Construction to complete Part One of the proposed project, Planning and Concept Design, is the next step in assessing the organizations storage needs, and designing a facility that best meets those needs. The scope of work associated with this portion of the project is outlined below:

- Preliminary Code and Zoning Assessment
- Site Plan Analysis, including access, site grading, storm water, and phased construction options
- Conceptual Design Review, including identification of program requirements
- Conceptual Floor Plans and Exterior Elevations
- Conceptual Budget and project schedule

*\*Dwayne Masselink left the meeting*

21.041 Approve Cash Disbursements and Regular Monthly Transfers

Motion was made by Commissioner Dykstra and seconded by Commissioner Cooney to approve the April, 2021 cash disbursements and the regular monthly transfers for the month of May, 2021 as follows:

Cash and Investments as of: April 30, 2021

	<b>Electric</b>	<b>Water</b>
Receiving	\$3,585,864	\$515,785
Accumulated Debt Service (in Receiving Fund)	-	-
Plant Improvements and Contingencies	\$26,238,226	\$12,877,598
Bond and Interest Payment Reserve*	-	-
Totals	\$29,824,090	\$ 13,393,383

\* Reserve required per electric and water revenue bond ordinances.

Recommended Transfers for the Month: May, 2021

	<b>Electric</b>	<b>Water</b>
Receiving	(850,398)	(229,700)
Accumulated Debt Service	-	-
Plant Improvements and Contingency	808,200	229,700
General Fund (per charter provision)	42,198	-

Motion carried. All voting aye.

***Water Operations***

Manager Levandoski reviewed the Water Department report and updated the Board on the Water projects and informational items such as the ISO Public Protection Classification Survey Results and the Water AMI Solution RFP update.

Levandoski explained that in October 2019 Dixon Engineering completed an ROV (Remotely Operated Vehicle) Inspection on the South 1.25 Water Reservoir located at Washington PS. The wet interior coating was applied in 1986 and it is still in good to fair condition. The corrosion and steel loss that is evident on the roof beams and bolted connection plates is the most urgent cause for completing the repainting of the interior. The cathodic protection system has been limiting the growth and severity of corrosion cells occurring on the surfaces of the floor and sidewalls but it does not protect the roof surfaces that are not submerged.

The exterior overcoat system was applied in 2003 and is nearing 17 years of service. The typical overcoat system has a 12 to 15-year service life. There isn't a cathodic protection system for the exterior that would slow the rate of corrosion and deterioration so the application of additional coating becomes the best way to protect the steel from the environment.

The safety and operation upgrades are included as considerations from a regulatory agency and worker safety standpoint. We understand that the amount of time workers are in or on the tank are minimal over its lifetime but the upgrades provide a safe work environment for those that do have to perform operational or rehabilitation work on the tank.

Levandoski described the work that needs to be done. Ten bids were received with the low bidder being L & T Painting in the amount of \$279,070.00.

21.042 South Reservoir Interior/Exterior Painting

Motion was made by Commissioner Dykstra and seconded by Commissioner Query to award the bid for the 1.25 Reservoir interior/exterior painting to L&T Painting in the amount of \$279,070,00. Motion carried. All voting aye.

## ***Electric Transmission & Distribution***

Manager DeKraaker reviewed the Electric Department report and updated the Board on the Electric projects.

DeKraaker explained as part of our transmission and distribution system improvements, we are planning on installing advanced electrical meters for all electric customers. Advanced metering will give many benefits to the Zeeland Board of Public Works and our customers. Meter usage information will be more accurate to help customers save money and reduce demand along with assisting billing operations by streamlining our meter reading process. Additional benefits such as power outage notification will reduce outage times by alerting us when electric service is interrupted along with giving more accurate information for locating faults. This advanced metering practice also allows the Zeeland Board of Public Works to stay up to date with current utility metering practices.

Staff recommends combining the current two-year budgeted plan for advanced metering to one year. Currently this project is budgeted for \$500,000 in FY2022 and an additional \$500,000 in FY2023, and we would prefer rolling FY2023 into FY2022 in order to save money on materials, installation and software. This savings has been echoed by our installers who charge for employee downtime, as well as the cost and lead time of electric meters increasing.

Staff is recommending the purchase of advanced electrical metering equipment from Eaton. The electrical meters are made by Itron, and the software components have been installed and programmed by Eaton for our advanced metering information system. Also included in the bid, additional network gateways and relays are necessary to receive meter data and upload to the Zeeland Board of Public Works billing software and meter database. This bid is to purchase the replacements for all of our electric system's non-advanced meters and supporting equipment.

### 21.043 Electric Advanced Metering Infrastructure Full Deployment

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to award the purchase of the Electric Advanced Meters to Eaton for a total price of \$866,315.22. Motion carried. All voting aye.

DeKraaker explained a recommendation for a third-party meter installation contractor. Full deployment of over 6,300 meters onto our system would be time-consuming and costly for our personnel to install with their current workloads. A third-party installer would allow us to keep our current budgeted project schedule on track, and ensure a smooth transition from our current metering system to an advanced metering system.

### 21.044 Advanced Meter Installation

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to award the installation contract of six thousand three hundred and ninety-two (6392) advanced electric meter to Allegiant Utility Services for a total price of \$97,497.70. Motion carried. All voting aye.

Staff is also recommending the purchase of NorthStar's Bulk Meter Uploader. This software package is for bulk uploading information into our current billing system, specifically for changing meters associated with an account. Without this software, uploading meter information into customer accounts would be done individually and may hinder the progress of the advanced meter installation.

### 21.045 Bulk Meter Uploader Purchase

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to award the purchase of NorthStar Bulk Meter Uploader to Harris for a total price of \$17,343.00. Motion carried. All voting aye.

DeKraaker explained this project is for the Engineering work for the addition of the second 138kV to 69KV transformer at Riley Substation. PKM is our preferred Engineering Firm for all substation projects due to their familiarity with our system and its operation. Staff recommends PKM Consulting to perform the design, construction administration and start-up services for the addition of Transformer #4 at Riley Substation.

DeKraker reported Riley Substation currently has one 138/69 kV transformer with a peak rating of 83.3 MVA. A second 138/69kV 83.3 MVA transformer would relieve much of the load on the existing transformer at Riley. Additionally, increasing capacity and redundancy on the transmission system in the event of a contingency. Riley Substation previously had a second 83.3 MVA transformer, but this was moved to Fairview Substation to support additional load in that area. A majority of the remaining supporting infrastructure for this transformer is already in place at Riley Substation.

#### 21.046 Riley 4 Transformer Purchase

Motion was made by Commissioner Query and seconded by Commissioner Walters to award the purchase of Riley Transformer #4 to Waukesha Electric for a total price of \$1,328,574.00. Motion carried. All voting aye.

On January 19, 2021 we presented to the Zeeland Board of Commissioners the professional services recommendations for InterActive Studios and Lakewood Construction to provide us with Part One, Planning and Concept Design for the new North Warehouse. Over the last several months staff has worked closely with these companies to determine our warehousing needs and we have developed a building that will meet these needs.

It was determined that once Electric T& D gets the material out of the Water Warehouse, Water will be able to use their existing warehouse space for all that they need. Facilities asked for some space for future needs and Electric T&D has material in multiple locations that will be consolidated into this new warehouse. InterActive Studio has worked closely with the Electric T&D staff to design a building that will meet our needs. A site review of existing material and space was performed. The site review included detailed measurements to be sure all material, trucks, trailers etc. could be stored inside that needed to and appropriate workflow management would be occurring including space to stage for the many large projects that are coming in our area. The proposed plan presented is what was developed. Included in the FY2022 Budget is \$1,000,000 for this new warehouse phase 2.

Based on the detail design work, a preliminary cost estimate of \$1,758,845 was provided, which includes architecture and engineering fees, construction costs, and a small project contingency for the proposed 14,200 square foot North Warehouse building. The ZBPW will be purchasing and installing the racking for the material themselves so that cost was not included. Per the design, a rough cost estimate of \$26,600 was given for the racking. We propose to budget \$30,000 for this as costs continue to escalate with steel prices rising daily. The costs are 30-35% higher for items such as steel since pre-pandemic pricing which affected our overall cost estimate pretty significantly. Also, additional items have been added since we created the budget as we dug into the project in more depth, such as the sidewalk along the entire front of the plant.

The estimated schedule from the start of design through completion of construction is 11-12 months, with a tentative completion date of 04/18/2022. The building itself has a 24-week delivery time. It should be noted that the cost and schedule estimates provided are based on a design-build project model, rather than the traditional bid-build project model. As discussed before, Staff believes that this is a prudent approach that will accelerate the schedule, yet can be managed to ensure transparency, and that competitive, fair market value is paid for material and services. Staff will be asking Lakewood Construction to bid out sub-contractors where possible.

#### 21.047 North Warehouse Design/Build Project and Budget Amendment

Motion was made by Commissioner Walters and seconded by Commissioner Query to award Lakewood Construction for the Design/Build construction of the North Warehouse with a budget amendment of \$2,000,000.00 from the previously budgeted \$1,000,000.00 as we anticipate other contingencies for construction, equipment, fixtures, etc. which could come up along the way. Motion carried. All voting aye.

*\*Commissioner Dykstra left the meeting.*

#### **Information Technology**

Information Technology Manager Carlton updated the Board on current activities and the on-going IT Projects list.

### ***Electric Power Supply & Market Operations***

Mulder updated the Board on current operations status, activities and projects.

Mulder explained at the March 16, 2021 regular meeting of the BPW Board, a recommendation was submitted and subsequently approved to replace the muffler heat shields on Washington Ave. Generation Facility Units 9 - 11. In preparing that recommendation, staff disclosed that based on the age of the mufflers, some uncertainty existed as to their condition.

In mid-April 2021, representatives from Wheeler World Inc. arrived on-site to remove and replace the muffler heat shields. Upon inspecting the oldest of these units, Unit #9 (ca. 1971), significant degradation of the muffler was identified beyond which could be practically repaired. Accordingly, actions were taken to temporarily support and reinforce the muffler while options were assessed. The contractor then transitioned to the newest of the three units, Unit #11 (ca. 1980 with muffler replacement in 1992), which yielded similar results. Although the condition of Unit #10 (ca. 1974) was not evaluated as thoroughly, its condition is believed to be similar based on its age and operating hours. Based on these issues, the muffler heat shield replacement project was suspended, and attention turned to replacement of the mufflers on Units 9 -11. Based on their expertise and familiarity with these Units, staff again turned to Wheeler World Inc. of Gambier, Ohio and requested a proposal.

When considering capital expenditures of this type, the return on investment and remaining useful life of the asset must be considered. Based on the draft report of the Unit Condition Assessment completed by Sargent & Lundy (issued May 3, 2021), the summary recommendation was that all 14 of the units should remain operational for the next ten (10), and possibly twenty (20) years. Furthermore, assuming capacity values of \$2.00 - \$4.00/KW-Month, the forecasted return-on-investment is less than 12 months for all units.

#### 21.048 Professional Services Recommendation – Units 9-11 Muffler Replacement

Motion was made by Commissioner Query and seconded by Commissioner Cooney to award the contract totaling \$237,581.00 be awarded to Wheeler World, Inc. for replacement of the mufflers on Units 9-11 at the Washington Avenue Generation Facility as presented and that an additional \$30,000.00 for freight and crane/rigging services and \$27,419 contingency has been included for a total project budget of \$295,000.00.

Mulder explained the Zeeland Board of Public Works (BPW) participates in the wholesale power market through the Michigan Public Power Agency (MPPA). This participation is guided by a Power Supply Risk Management Policy approved by the BPW Board, and the Zeeland City Council. In accordance with these policies, the BPW must have committed energy resources in place to supply specific levels of anticipated BPW energy requirements extending into the future. The requirements of this policy are indicated below, as specified by the ‘Stability Plan’ (60-month hedging horizon) which the BPW has selected:

<u>Forward Year</u>	<u>Energy Purchase with Price Commitment</u>
Year 1	75 – 90% of Estimated Annual Requirement
Year 2	65 – 75% of Estimated Annual Requirement
Year 3	50 – 60% of Estimated Annual Requirement
Year 4	30 – 45% of Estimated Annual Requirement
Year 5	15 – 25% of Estimated Annual Requirement

In order to comply with this policy, the BPW, with the support of MPPA, regularly reviews its portfolio and solicits purchase proposals to strategically address open positions in its energy portfolio.

In recent weeks, MPPA Power Supply staff recommended that energy purchase transactions be executed for the period of calendar year 2023 – 2024, to address open positions and mitigate risk by aligning the BPW’s hedged position with its risk management policy. In preparing these recommendations, MPPA accounted for the forecasted energy received from the BPW’s share of the solar purchase power agreements (PPA’s), in the

final stages of negotiation and provided recommendations. The total, not-to-exceed cost associated with these recommended volumes at the maximum stated strike prices yields an overall average cost of \$32.93/MWh. These transaction(s) will be for financially-firm energy with physical delivery to the MISO Michigan Hub in the day ahead market.

21.049 MPPA Bi-Lateral Energy Purchase 2023-2024

Motion was made by Commissioner Query and seconded by Commissioner Walters to approve the energy purchase commitments, authorizing the General Manager to commit to the purchase of the following short-term energy products totaling a maximum not-to-exceed cost of \$923,432.47:

1. Calendar Year 2023:
  - a. 7x24 firm energy up to 2.6 MW/hr at an average not-to-exceed price of \$33.05 / MWh
2. Calendar Year 2024:
  - a. 7x24 firm energy up to 0.6 MW/hr at an average not-to-exceed price of \$32.39 / MWh.

Motion carried. All voting aye.

Mulder explained as identified in the organization's strategic objectives, the Zeeland Board of Public Works (BPW) continuously seeks and evaluates opportunities to bolster and diversify its power supply portfolio. These opportunities can take many forms including project ownership, power purchase agreements, and short / long-term bilateral transactions, to name only a few.

In recent months, the Michigan Public Power Agency (MPPA) has negotiated with multiple project developers to draft power purchase agreements (PPA's) for long-term solar renewable energy. The proposed utility scale solar electric generation facilities will be constructed in the State of Michigan, with locations in Oceana and Calhoun Counties. MPPA has sought to pursue multiple projects to reduce the risk exposure associated with any single developer and facility, when pursuing long-term agreements such as these.

Based on the terms of the proposed agreements and the BPW's forecasted open energy and capacity positions during this period, MPPA staff has recommended BPW participation in these projects. After discussions with MPPA staff and a review of our long-term portfolio, staff believes that this presents an opportunity to satisfy a portion of our long-term needs for both energy and capacity while increasing the allocation of renewable energy in our portfolio, at a total cost per unit that is attractive with market projections.

The purchase power agreements negotiated by MPPA include energy, capacity, environmental attributes, and select ancillary services associated with MPPA's portion of the project. Per the terms of the transaction authorization between MPPA and the BPW, MPPA will allocate a pro rata portion of MPPA's rights and obligations contained in each agreement to the participant (BPW), based on their allocation percentage. At the May 12, 2021 meeting of the MPPA Board of Commissioners (BOC), approval of both PPA's was received, contingent upon receiving sufficient member participant authorization by June 30, 2021.

Based on the proposed agreements, the BPW will receive approximately 8.5 MW of installed nameplate capacity, representing 11.3% of MPPA's portion of the combined projects. The energy received from these projects would address only a small portion of the BPW's open position during the proposed contract terms. Mulder explained the general terms of the purchase power agreements with Hart Solar Partners, LLC in Oceana County and Calhoun County Solar Project, LLC in Calhoun County to the Board.

21.050 MPPA Solar PPA

Motion was made by Commissioner Walters and seconded by Commissioner Cooney to authorize the BPW to participate in the MPPA solar project(s) for up to 11.3% of combined projects, an estimated installed capacity of 8.5 MW, upon BPW Board and City Council approval in accordance with the parameters outlined above. The total forecasted financial commitment over the contract terms is \$14,359,832. Furthermore, staff requests that the Board

approve the Resolutions pertaining to the aforementioned MPPA solar projects purchase power agreements, authorizing the BPW General Manager as the “Authorized Representative” under the MPPA Energy Services Project Agreement, subject to: 1) sufficient MPPA member participation to enable the solar project(s) to proceed; and 2) approval by the Zeeland City Council. Motion carried. All voting aye.

The generating units operated by the Zeeland Board of Public Works (BPW) at the Washington Ave. Generation Facility (Power Plant) utilize electro-mechanical protective relays for electrical protection of the units. With advances in technology, the contemporary version of these protective relays are digital devices, which provide superior protection that is more accurate, repeatable, and offer improved diagnostic and troubleshooting capabilities. For some time, the BPW has implemented digital protection relays throughout its distribution system, and newest generating units. Accordingly, the technology is proven, its advantages are well known, and it has become the industry and BPW standard for this type of device.

While developing the 6-year capital improvement plan, staff identified the need to upgrade the protective relays on Units 9, 10, and 11 located at the Washington Ave. Generation Facility. Accordingly, funding was allocated in the general ‘Generation Equipment Improvements’ line item of the FY2022 Power Production Capital Improvement Plan budget. For some time, Theka Engineering Solutions of Muskegon, MI, has provided generation related engineering services of this nature for the BPW, and is familiar with both the BPW’s equipment and digital protection relays used in these applications. Accordingly, a proposal was requested and received from Theka for this service. Due to similarities between the three (3) units being upgraded, elements of the design developed for the first unit will be used in successive unit upgrades, reducing the overall project cost.

21.051 Generator Protective Relay Upgrades. Units 9-11

Motion was made by Commissioner Query and seconded by Commissioner Walters to approve a professional services contract totaling \$49,710.00 be awarded to Theka Engineering Solutions to upgrade the protective relays on Units 9, 10 and 11, which includes the engineering services, installation, material and drawings necessary to complete the scope of work as a turn-key project and that a small project contingency be included, yielding a total project budget of \$52,200.00. Motion carried. All voting aye.

The Zeeland Board of Public Works (BPW) owns and operates two (2) 1,040 kW natural gas fired Caterpillar generators at the Washington Pump Station Generation Facility. These units primarily provide emergency backup power for the Washington Pump Station, but also serve as energy and capacity resources for Power Production.

The purpose of the proposed project is to improve operations and cost tracking by installing individual gas meters on each generating unit, similar to what the BPW installed at its Riley Generation Facility. Currently, the buildings primary gas meter and a secondary meter for building heat are used to calculate the gas consumed by the generators, which is subsequently proportioned to each unit based on operating data. Although this provides a reasonable estimate, improved metering of each unit is desired, particularly if the BPW elects to operate the units more by requesting a change in the facilities operating permit.

Funding for this project was included in the FY2021 Capital Improvement Plan budget, under general generation improvements. Based on the project scope, multiple skilled-trades are required to complete the project, and quotes from several contractors were received.

21.052 Washington Pump Station Generator Gas Meter Installation

Motion was made by Commissioner Cooney and seconded by Commissioner Query to approve the installation of natural gas flow meters on each of the two (2) Caterpillar generating units at the Washington Pump Station Generation Facility as presented for a total project budget of \$12,500.00. Motion carried. All voting aye.

***FY2022 Electric Rates and Fees Revisions:***

Utility Financial Solutions, Inc. (UFS), a utility cost-of-service and rate design consulting firm, was retained by the

BPW in 2017 to perform a cost-of-service study for the BPW electric utility. The study recommends that the Street Lighting Service Rate S classification be increased over time to attain cost-of service revenue coverage.

The Rate S classification has undergone slight adjustments over the previous three years. Staff is recommending another slight adjustment to reflect actual cost-of-service for the various street lighting types and sizes. The proposed rate revisions, if approved, would become effective on July 1, 2021.

In addition to the above rate revisions, staff is recommending an adjustment to the Experimental Electric Vehicle Charging Station Rate (Rate E). This rate applies to public BPW electric vehicle charging stations, of which there are three (3) located in the downtown area for the purpose of delivering electric supply to plug-in electric vehicles. The current energy charge is \$0.20 per kilowatt-hour and staff is recommending decreasing this energy charge to \$0.10 per kilowatt-hour. This change is being recommended to achieve a retail rate that is more consistent with public EV charging station energy rates at other nearby charging stations.

Also, staff is recommending changes to certain fees and charges. The fee revisions are necessary to ensure recovery of actual costs incurred in the performance of services.

#### 21.053 Resolution - FY2022 Electric Rates and Fees Revisions

Motion was made by Commissioner Walters and seconded by Commissioner Cooney to approve the proposed revisions to the Electric Street Lighting Service Rate S in accordance with the recommendations of the Electric Cost of Service Study performed by Utility Financial Solutions, Inc., the reduction in the Experimental Electric Vehicle Charging Station Rate, and revisions to certain fees and charges as presented. If approved by the Board, staff will request City Council consideration at their June 7, 2021 regular City Council meeting with the anticipation that the new rates and fees would become effective on July 1, 2021. Motion carried. All voting aye.

#### ***FY2022 Water Rates and Fees Revisions:***

Utility Financial Solutions, Inc. (UFS), a utility cost-of-service and rate design consulting firm, was retained by the BPW in 2018 to perform a cost-of-service study for the water utility. The UFS study findings indicate no need for near-term retail rate increases. However, the utility is under-recovering its fixed costs under the present-day rate structure. The study recommends that revenue neutral rate adjustments be made gradually over the course of multiple years in order more appropriately align retail rates to the recovery of our fixed costs which will ensure the long-term economic stability for the enterprise and, importantly, mitigate the effect of “rate shock” to our customers.

One of the primary purposes of a cost-of-service study is to allocate costs between flow (Commodity Costs) and customer service costs (Customer Costs). Commodity Costs are costs that tend to vary with the quantity of water used, as well as costs associated with purchasing, pumping and distributing water to customers. Commodity costs include wholesale water purchase costs plus pumping stations and transmission lines. Customer Costs are costs associated with serving customers regardless of their usage or demand characteristics. These are referred to as fixed costs. Customer costs include the operation and maintenance expenses related to meters and services, meter reading costs, billing and collection costs.

Revenue neutral rate adjustments have been made in each of the last two years with the objective of gradually transitioning to cost-based rates with an emphasis on cost recovery through the fixed portion of the rate structure. One more revenue neutral adjustment is now being proposed to attain cost-of service levels recommended in the 2018 UFS study. In addition to the aforementioned base rate revisions, staff is recommending changes to certain fees and charges. The fee revisions are necessary to ensure recovery of actual costs incurred in the performance of services.

#### 21.054 Resolution - FY2022 Water Rates and Fees Revisions

Motion was made by Commissioner Query and seconded by Commissioner Cooney to approve to the proposed revisions to the Water Customer Charge and Commodity Charge in accordance with the findings of the Water Cost of Service Study performed by Utility Financial Solutions, Inc. If approved by the Board, staff will request City



Council consideration at their June 7, 2021 regular City Council meeting with the anticipation that the new rates and fees would become effective on July 1, 2021. Motion carried. All voting aye.

***Zeeland Generating Station (ZGS) Water Service Agreement Amendment:***

This agreement, effective for the twenty-year period which commenced January 2, 2001, expires on June 30, 2021. Staff has been in discussions over the past 2-3 months with ZGS staff to ensure the continuation of large volumes of inexpensive wholesale water supply to the ZGS facility. The outcome of these discussions is a ten-year extension of the current agreement to June 30, 2031 and minor adjustments to the contract that make the ZGS agreement terms equivalent to the terms of the Mead Johnson contract. The Mead Johnson agreement stipulates, in certain terms, that other wholesale water services agreements must not be more favorable than that of the Mead Johnson agreement. The ZGS amendment language has also been modified to include a guarantee that the wholesale per gallon cost to ZGS will be no less than eight (8) percent below that of the average City water service retail customer cost. Staff is confident this requirement can be met for the agreement term.

21.055 Zeeland Generation Station (ZGS) Water Service Agreement Amendment

Motion was made by Commissioner Query and seconded by Commissioner Walters to approve the First Amendment to the City of Zeeland/Zeeland Generating Station Water Services Agreement. Motion carried. All voting aye.

***IT Director Position Salary Grade Adjustment:***

In January of this year City Council and the Board of Public Works approved establishing an Information Technology Department with the City of Zeeland. A part of that recommendation was the establishment of an IT Director position with a salary grade of 10 (FY 21/22 range of \$82,861 - \$107,485). As we started to receive applications for the IT Director position this spring, we started to have concerns that grade 10 for the position might not be correct based on what our applicants listed as their current rate of pay and/or their desired rate of pay for our position. This further played out with several of our potential interviewees dropping from consideration when we further discussed the expected rate of pay for the position. Nevertheless, some of our selected candidates were willing to further discuss the position with us in spite of the salary range.

We are hopefully nearing the end of our hiring process as we have identified our desired candidate for the position. We feel they would be an extremely good organization fit, have the talent we desire, and we believe they will lead our information technology services in the direction we want to go at the Board of Public Works and city. However, salary does remain a hurdle in the final decision process. All other job/fringe benefit desires fit within our hiring parameters.

Staff recommends that we adjust the salary grade for the IT Director position to grade 11. For Fiscal Year 21/22 this grade has a salary range of \$90,948 - \$118,234. We feel this is the appropriate range for the position based on the additional information we have gathered through the hiring process for this new position. We are confident that this range will enable us to secure our preferred candidate for the position. Our intent is that the candidate would start in this range immediately upon hire even if their start date proceeds the start of FY 22 on July 1, 2021.

21.056 IT Director Position Salary Grade Adjustment

Motion was made by Commissioner Query and seconded by Commissioner Walters to approve the salary grade adjustment for the IT Director position contingent on approval by the Personnel Committee and City Council. Motion carried. All voting aye.

***Public Act 95 of 2013 – Low Income Energy Assistance Fund:***

For the past eight (8) fiscal years the board has approved the BPW “opting out” of assessing its customers the Low-Income Energy Assistance Funding Factor prescribed by the MPSC pursuant to PA 95. As a consequence of opting out, the BPW is not permitted to shut off any electric residential customer from November 1 through April 15 for non-payment. It should be noted that historically, during this period, the majority of the 40 municipal electric systems in Michigan, have also opted out.

Prior to PA 95, in a typical month, the BPW mails between 350 and 450 disconnect notices related to delinquent accounts. Following the disconnect notice and follow-up phone call, most customers pay, leaving about 25 customers monthly that need notified of payment delinquency via a yellow tag. A yellow tag indicates that the premise or account in question will be shut-off in 24 hours. Following the yellow tag notification, the BPW would disconnect between three and seven customers per month for non-payment.

With the PA 95 opt-out over the past eight years, the number of disconnect or overdue letters has reduced and is now in the 322 to 384 per month range, while the number of customers issued a yellow (disconnect) tag or an orange (overdue notice during heating season) tag has ranged from 8 to 36 per month. Actual disconnects during a month in which they are permitted range between 1 to 8 per month.

In conjunction with the BPW of the opt-out provision, the BPW has allocated funding for the Ottawa County Community Action Agency (CAA) for distribution to qualified low-income customers who need utility payment assistance. While a total of \$20,000 each year has been budgeted to be provided to the CAA for this purpose, less than \$5,000 per year has typically been distributed.

#### 21.057 Public Act 95 of 2013 – Low Income Energy Assistance Fund

Motion was made by Commissioner Walters and seconded by Commissioner Query to approve the Zeeland Board of Public Works “opting out” from assessing its customers the funding factor prescribed by the MPSC for the upcoming year. Motion carried. All voting aye.

#### ***Consideration of Community Grant Applications:***

Two Grant applications have been received by the deadline of May 3, 2021 for OCSN Mental Health Support for At-Risk Kids and City on a Hill Boiler Replacement. These applications have been included in the packet for the Board’s consideration. Staff recommends that the Board review these applications over the next month and be prepared to designate awards at the June Board of Commissioner Meeting. There also was a 3<sup>rd</sup> application received today which was after the deadline. After discussion it was decided to stand with the deadline and not accept the late application.

#### 21.058 Community Grant Application

Motion was made by Commissioner Cooney and seconded by Commissioner Walters to not accept the late Application that was received today (May 18, 2021) which was past the deadline of May 3, 2021. Motion carried. All voting aye.

#### ***Consideration of Support for the Closure of Maple Street:***

Included in the Board packet was a memo dated April 16, 2021 from CM Klunder to City Council along with supporting documents concerning the Maple Street recommendation for vacation of the south approximately 300 feet of Maple Street and next steps. On April 19, 2021, City Council approved a resolution for the vacation of the southern 300 +/- feet of Maple Street. The next step before vacation of the street is a public hearing which is scheduled for the regular City Council of June 7, 2021. Staff is supportive of the Maple Street vacation and is requesting the support of the Board of Commissioners which, if approved, will be transmitted to City Council in advance of the June 7th public hearing.

#### 21.059 Consideration of Support for the Closure of Maple Street

Motion was made by Commissioner Query and seconded by Commissioner Walters to supports the vacation of the south approximately 300 feet of Maple Street provided that the proposed Sligh building redevelopment occurs and that the Sligh building redevelopment plan includes measures to ensure there is no adverse impact to BPW employee or customer vehicular traffic flow or parking from vehicular traffic that is unrelated to BPW business. The stated stipulations are required on a 24 hour/7 day a week basis. Motion carried. All voting aye.

***Performance Objectives – FY2021 Q4 Update, FY2022 Objectives:***

Boatright included in the packet an update of the current fiscal year’s performance metrics spreadsheet. As the Board is acutely aware, this past year has introduced many challenges. Despite these challenges, staff has remained focused on the stated objectives and has performed exceptional work. The Q4 update uses color-coding to illustrate progress made to-date. All items indicated as partially complete (in yellow) are expected to be complete on or before June 30th. Staff has also included a list of accomplishments that were not specifically identified in the FY2021 Performance Objectives. This list is not intended to “toot our horn”, but instead to demonstrate how even the best laid plans can take a hard left turn without little or no warning. Even so, the team, as anticipated, has been performing and continues to perform at very high levels. The FY2022 Performance Objective spreadsheet has also been included in the packet for your reference. In the interest of time, staff will not make a presentation on this during this Board meeting. Nevertheless, I welcome your feedback or questions either during the meeting or at another time.

***GARE Learning Communities of Practice Memorandum of Understanding:***

Ottawa County is leading the efforts in building Learning Communities of Practice with local municipalities utilizing the Government Alliance on Race and Equity (GARE) framework. The Learning Communities of Practice (LCoP) are brought together by a common interest and a shared commitment to learning. This group is defined by obtaining knowledge and guidance, rather than by task, and exists because inclusion in this group brings value to each participating municipality. City Manager Tim Klunder and I will be the Zeeland participants in the LCoP which is also comprised of representatives from Ferrysburg, Muskegon, Holland (City and BPW), Coopersville, Grand Haven, Spring Lake Twp., the Village of Spring Lake and Ottawa County. The initial commitment will be for a six-month pre-work process. Should we decide to continue into the next phase of the program, a third-party consultant will lead the LCoP, at which time a nominal cost-share could be requested.

The Government Alliance on Race and Equity (GARE) is a national network of government working to achieve racial equity and advance opportunities for all. Across the country, governmental jurisdictions are marking a commitment to achieving racial equity, focusing on the power and influence of their own institutions; and working in partnership with others. The Memorandum of Understanding (MOU), which is included in the packet, indicates our commitment to actively engage in a six-month preparation and training process and to understand there is a time and effort commitment with this endeavor.

As part of the City’s 2021 Strategic Action Plan, Organizational Culture was added as one of the commitments to spread Zeel. A part of that commitment states that the city will provide “*an organizational culture that is equitable and inclusive.*” Also, we have included an action item in the BPW FY2022 Performance Measures to “participate in the GARE Learning Communities Initiative” (Item no. 82). Staff requests Board of Commissioner approval to execute the non-binding Memorandum of Understanding.

21.060      *GARE Learning Communities of Practice Memorandum of Understanding.*

Motion was made by Commissioner Query and seconded by Commissioner Walters to allow the General Manager to execute the GARE LCoP non-binding Memorandum of Understanding. Motion carried. All voting aye.

***COVID-19 Business Operations Updates:***

- 1. Customer Service Counter Hours:** See the included memo from Accounting & Finance Manger Kate Chrisman regarding customer counter hours.
- 2. Lobby Closure Due to Reception Counter Modifications:** We will be closing the customer lobby May 26 through May 28 to accommodate modifications to the reception counter. Customer service staff will be on-premises during this period to provide phone support.
- 3. Customer Service Utility Billing Metrics:** In consideration that this meeting may go long, rather than a verbal update at the Board meeting, Boatright provided this update in the Board Package in written form. Another sign of recovery - the number of overdue notices is substantially lower in April compared to the same period last year.

### *Upcoming Events*

- **Next Regular ZBPW Board Meeting, June 15, 2021, 3:30 p.m., Water Warehouse Meeting Space**
- **Steve Collin's Retirement Celebration, Friday, May 21, 12:00 p.m. to 1:00 p.m.**
- MMEA Spring General Membership Meeting, Friday, May 21, 2021 10:00a.m. to 12:00 p.m.
- MPIA Spring Board Meeting, Monday May 24, 2021, 1:00 p.m.
- General Manager vacation Friday, May 28 through Friday, June 4, 2021

Motion was made and supported that the regular meeting be adjourned at 7:40 p.m. Motion carried. All voting aye.

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Pamela Holmes, City Clerk