

Regular Meeting
Board of Public Works
Water Warehouse
October 19, 2021

The regular meeting of the Board of Public Works Commission was held at the BPW Water Warehouse, 330 E. Washington, Tuesday, October 19. Chairperson Boerman called the meeting to order at 3:30 p.m.

PRESENT: Commissioners – Chairperson Boerman, Query, Dykstra and Walters
ABSENT: Commissioners – Vice-Chair Cooney

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

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to approve the minutes of the September 21, 2021 regular meeting. Motion carried. All voting aye.

Public Comment

No public comment given.

Safety Minute

The Safety Minute this month was regarding ergonomic injury/musculoskeletal disorder.

IT Services Vulnerability Assessment Project

IT Director, Tim Maloney was present to explain In December of 2019, a basic network assessment was conducted by Rehmann. Scope was limited to 3 primary locations including Zeeland Board of Public Works, Howard Miller Library and Public Safety. This assessment focused on gaining a better understanding of the existing server and network infrastructure. Recommendations were made to address various security risks and implement Information Technology best practices.

In February 2020, the network was upgraded and reconfigured. The network changes were driven by a number of key factors.

- Network switches that were end of life or no longer supported
- Network performance issues
- Improving network security and reducing threat landscape
- Need for staff to work remotely as a result of the pandemic

Some of the recommendations provided by Rhemann in the first assessment are no longer relevant. In addition, there have been a number of other projects implemented which changed the overall infrastructure. New servers to support video security, infrastructure to support electronic meter reads, and new switches for SCADA are just a few of the elements which have been added.

An in-depth business continuity evaluation and vulnerability assessment will provide a number of Benefits:

- Align the City of Zeeland with security and infrastructure best practices
- Assist with implementation of NIST and/or CIS Controls related frameworks
- Validate compliance for PCI, HIPAA and other regulations
- Validate services provided by existing vendors
- Identify areas where support or services are missing
- Provide a road map for IT Steering Committee as projects/initiatives are prioritized
- Identify areas Information Technology will need to consider for budgeting

- Recommendations of policies IT Steering Committee will need to consider

It is our intent that this in-depth evaluation and assessment will provide a list of action items categorized by risk and impact. The results will be our baseline as we continually evaluate our systems and reduce the network's threat landscape. Future vulnerability assessments will be performed internally and at a lower cost to tax payers once items with major risk and impact are addressed.

It is our recommendation that we engage with a vendor to provide this in-depth assessment. A number of vendors responded to the request for proposal. Three final vendors were selected based on the following criteria.

- How well did their proposal address the requirements of the RFP
- Cost of proposal
- References

Each final vendor was provided an opportunity to meet with internal staff and present their proposal. Sentinel has been selected as the recommended vendor based on three additional factors which were identified during the review process.

- All work would be performed by employed staff
- Work would be performed onsite at no additional cost to the City of Zeeland
- Local offices and personnel in Michigan
- Lowest cost vendor which met the detailed requirements of the RFP

Sentinel's proposed statement of work and proposal are included for review. The Business Continuity Evaluation, Vulnerability Assessment and Penetration Testing project was not budgeted for the current fiscal year. This project will be supported by existing Information Technology funding and adjustments made through future budget amendments.

21.089 Approve Cash Disbursements and Regular Monthly Transfers

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

Cash and Investments as of: September 30, 2021

	Electric	Water
Receiving	\$718,745	\$898,221
Accumulated Debt Service (in Receiving Fund)	-	-
Plant Improvements and Contingencies	\$26,292,184	\$12,812,118
Bond and Interest Payment Reserve*	-	-
Totals	\$27,010,929	\$ 13,710,340

* Reserve required per electric and water revenue bond ordinances.

Recommended Transfers for the Month: September, 2021

	Electric	Water
Receiving	(42,309)	(505,900)
Accumulated Debt Service	-	-
Plant Improvements and Contingency	-	-
General Fund (per charter provision)	42,309	505,900

Motion carried. All voting aye.

Water Operations

Manager Levandoski reviewed the Water Department report and updated the Board on the Water projects, the Zeeland Water Bill Calculation for September 2021 and the Zeeland Water Usage for September 2021.

Electric Transmission & Distribution

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

Electric Power Supply & Market Operations

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

Mulder explained at the May 12, 2020 regular meeting of the BPW Board, an informational memo was presented outlining staff's intent to register the NANR Autumn Hills Landfill Gas Generation Facility with the Public Utilities Commission of Ohio (PUCO), to take advantage of the difference in Renewable Energy Credit (REC) pricing between the Michigan and Ohio markets. An application was subsequently submitted on June 1, 2020 and approved by the PUCO on August 12, 2020, with an effective date coinciding with the application submittal.

Between January 1 and August 31, 2021, the BPW received 15,901 REC's for the NANR Autumn Hills Landfill Gas Generation Facility in the PJM GATS system, eligible to satisfy the compliance requirements in the Ohio market. Recently, the BPW has received offers from third party brokers in the range of \$10.00 - \$11.00 per REC, seeking to purchase and transact in the coming weeks. With the Ohio compliance deadline not until April of next year and timing of the BPW's fiscal year, staff is inclined to transact only a portion of the forecasted annual REC production with the anticipation that pricing will likely increase. Accordingly, staff recommends transacting only about 1/3 (~8,000) of the forecasted annual production, but requests approval for up to 10,000 based the negotiated pricing.

The Michigan Public Power Agency (MPPA) intends to execute a similar transaction with some of its landfill project PPA's, that are comparably registered but that the BPW is not a participant. Because the PPA with NANR's Autumn Hills facility was directly executed between the BPW and North American Natural Resources (NANR), this transaction will be executed directly between the BPW and the counter-party, although MPPA staff will assist with executing the transaction on the BPW's behalf.

21.090 NANR Autumn Hills Ohio Market REC Sale Transaction

Motion was made by Commissioner Dykstra and seconded by Commissioner Query to approve a one-time sale of up to 10,000 2021 Vintage Renewable Energy Credits (REC's) in the BPW's GATS account be negotiated with counterparties and awarded to the highest bidder and recommends that a letter of authorization be signed by the BPW General Manager. Allowing the MPPA to execute this transaction on the behalf of the BPW and City of Zeeland, subject to the terms reviewed and approved in the Sales Agreement by the BPW Staff and City Attorney. Motion carried. All voting aye.

Mulder reported Generation Unit #2 located at the Washington Ave. Generation Facility is a Fairbanks Morse, 10-cylinder opposed piston reciprocating internal combustion engine (RICE) capable of producing 1,136 kW at full load. Although it is one of the older units in the BPW's fleet, it continues to serve as a valuable capacity resource.

During a recent periodic engine inspection, Farabee Mechanical Inc. (FMI) personnel identified two significant issues of concern that resulted in the unit being removed from service until repairs can be made. These issues are summarized below:

1. Upper vertical drive assembly exceeds the maximum allowable vertical thrust. The measured vertical thrust is 0.030 inches, twice the maximum allowable limit of 0.015 inches
 - The upper pinion gear has sharp edges due to insufficient backlash
 - A non-standard coupling is currently installed between the upper and lower vertical drives, which will be converted to a standard spring-pack coupling using BPW spare parts
 - Rebuild Cost: \$39,537.00

2. Blower lobe clearances were found to be excessive and out of specification:

- The blower must be rebuilt to correct this issue and prevent catastrophic failure, which would result in substantial damage to the engine itself
- Rebuild Cost: \$36,389.00

Following the inspection and reassembly by FMI personnel, the unit was not test run due to concerns resulting from the aforementioned conditions. An initial service report was issued and provided an estimated cost to complete the repairs. After reviewing the report, staff identified spare parts on-hand to facilitate rebuilding the vertical drive assembly, which were subsequently inspected by FMI staff and a revised proposal issued. Finally, a recommendation to install a modern electronic blower bypass control in place of the existing governor driven air controller was made by FMI, but declined by staff. Although this upgrade would result in improved fuel efficiency at partial loads, staff believes limited operation of the unit does not warrant the cost at this time.

21.091 Unit 2 Vertical Drive and Blower Rebuild Bid Recommendation

Motion was made by Commissioner Walters and seconded by Commissioner Dykstra to award a contract totaling \$75,926.00 be awarded to Farabee Mechanical Inc. (FMI) to furnish the material and services necessary to rebuild the Unit #2 vertical drive and blower assembly as outlined in their proposal as presented and recommends this service be sole-sourced to FMI, as the BPW's preferred vendor to support its Fairbanks Morse engines. Since expenses associated with this repair will be allocated against the FY2022 Capital Improvement Plan budget, a budget amendment is approved. Motion carried. All voting aye.

Mulder explained the switchgear and generator controls at the Washington Pump Station Generation Facility are in need of an upgrade. The facility was constructed in 2002, and includes two Caterpillar 3516 natural gas fired 1,000 kW generators which primarily provide emergency backup power for the Washington Pump Station, but also serve as energy and capacity resources for Power Production. The controls use a programmable logic controller (PLC) for sequencing, along with various generator protection relays and specialty control equipment.

During the summer of 2019, the failure of some communications equipment resulted in the Electric System Operator's inability to remotely monitor the status of certain equipment via SCADA, including one of the two generating units. This was promptly resolved by procuring and installing a used replacement component, and subsequently migrating those communications to a different platform. However, the situation prompted a more comprehensive review of the control equipment in general, and its available support. Accordingly, a budget for the project was developed, and included in the BPW's FY2021 and FY2022 capital improvement plan.

The BPW has historically used Theka Engineering Solutions / Newkirk Electric Associates of Muskegon, MI for its Riley Street Caterpillar Generation Facility engineering services, which they designed. Although Theka did not perform the original engineering services at the Washington Pump Station Generation Facility, they are experienced with the units and control equipment, and have completed similar upgrade projects in recent years. Preliminary discussions regarding this project took place in early 2020, and again more recently to finalize the recommended scope of work. The project budget was split across two budget plan years, with the engineering and design occurring first to finalize labor and material requirements, so that portion of the project budget could be refined and adjusted, if necessary, for the subsequent budget plan year.

21.092 Washington Pump Station Generator Controls Upgrade

Motion was made by Commissioner Query and seconded by Commissioner Walters to award a contract totaling \$93,883.12 be awarded to Theka Engineering Solutions for the labor and material associated with Phase 2 of this project as presented and that a project contingency of \$10,176.88 for a total FY2022 expenditure of \$104,060.00. Motion carried. All voting aye.

UFS Electric Utility Cost of Service Study

Utility best practice is to conduct a cost-of-service study approximately every five years to ensure no cross-subsidization among rate classifications, to evaluate the need for new retail rate offerings, and to review the

appropriateness of line extension fees and charges. It is hard to believe that the last electric utility cost-of-service study was initiated in 2017 and the implementation of study recommendations occurred over the subsequent three years. Utility Financial Solutions, LLC. (UFS) performed the last electric cost-of service study and has also performed the 2018 water utility cost of service and rate design study. Staff has been pleased with the work product provided by UFS and wishes to engage this firm again for the 2022 study to include: electric cost-of-service analysis, financial projection and long-term rate track, 3-year rate design, financial assessment, time-of-use rate analysis and design, line extension review, and EV rate study.

21.093 USF Electric Utility Cost of Service Study

Motion was made by Commissioner Dykstra and seconded by Commissioner Query to approve the Electric Utility Cost-of-Service Study Proposal from Utility Financial Solutions, LLC in the amount of \$43,840.00 plus travel expenses. Motion carried. All voting aye.

Professional Services Recommendation – BPW Office Expansion and Renovation Study

In August 2019, the Zeeland Board of Public Works (BPW) contracted InterActive Studio, LLC, to perform a needs assessment and space utilization study of its existing facilities, and develop a ‘Master Plan’ to strategize long-term improvements. This process was extensive, and culminated with InterActive Studio presenting its final Discovery Report to members of the BPW Board during a special meeting on May 26, 2020.

Although staff felt the program requirements and conceptual design accurately reflected the organization’s long-term objectives, it was decided that the best course of action was to address the immediate needs for both staff and warehousing, while awaiting greater certainty regarding the future of surrounding properties. Accordingly, Phase One of the interim office remodel project was initiated in late 2020 to address needs identified during the COVID-19 pandemic, and the BPW North Warehouse in mid-2021 to address warehousing and storage.

Although the BPW office remodel and construction of offices in the Water Warehouse resolved the most immediate needs for staff, further upgrades to the BPW conference room, break-room, and additional office space are needed in the near future. Because staff believe the implementation of the proposed ‘Master Plan’ for the BPW office is likely years away, options to reconfigure or expand the existing building’s footprint should be considered further, and in response to changes occurring with adjacent properties. Accordingly, funding for Phase Two of this project was included in the FY2022 capital improvement plan budget.

Due to their familiarity with BPW facilities and work on Phase One, a proposal was requested and received from InterActive Studio, LLC. The proposed services include Architecture and Civil Engineering for the building and site, to develop a conceptual design and planning package that can be budgeted and prepared for the BPW’s review and approval. The proposed services include the following:

Part One: Planning and Concept Design

- Preliminary Code and Zoning Assessment
- Site Plan Analysis (Moore & Bruggink, InterActive Studio)
- Preliminary Site Plan Drawings – Building, truck and drive access, parking, storm water
- Conceptual Floor Plans and Exterior Elevations
- Owner Design Review Meetings (Up to Four)
- Conceptual Budget and Schedule by Design Build Contractor
- Owner Review & Approval

Based on the requested scope of work, a proposal was prepared for on an hourly not-to-exceed amount, according to the provided hourly rates. Upon completion of Part One, a scope of work for Part Two, Design Development & Construction Documents, will be defined and a proposal provided at that time.

21.094 BPW Office Expansion & Renovation Study

Motion was made by Commissioner Query and seconded by Commissioner Walters to approve the professional services proposal from InterActive Studio, LLC for renovation and expansion studies of the existing BPW office space in the amount of \$14,800.00 plus reimbursable expenses estimated at \$600.00. Motion carried. All voting aye.

Emergency Bid Recommendation

Copper commodities are dramatically increasing in price due to supply chain issues. Furthermore, like many other commodities, delivery times are significantly increasing or are uncertain. In anticipation of these changes and desirous of mitigating cost increases, staff has placed an order for 5,200 feet of 1 inch copper pipe. This quantity is to be used to replenish depleted inventory levels and is anticipated for use during the 2022 construction season. Staff is characterizing this procurement as an emergency purchase considering the aforementioned extenuating market conditions. Since this purchase is outside of staff's purchasing authority, we respectfully request after-the-fact Board of Commissioner approval for this purchase. Three quotations were secured for this purchase with the lowest and best bid provided by Etna Supply – Grand Rapids.

21.095 Emergency Bid Recommendation – K Copper 1-inch Tubing

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to approve the emergency purchase of 5,200 feet of K copper 1-inch tubing at a total price of \$36,000.00 from Etna Supply in Grand Rapids. Motion carried. All voting aye.

Bid Recommendation – Winter Snow Plowing and Removal Services Contract

The BPW utilizes the services of a snow plowing and removal contractor to ensure the unimpeded and safe access to its facilities by BPW staff, contractors, and customer traffic. These services include plowing, snow removal, and salting of pavement and sidewalks as necessary. Due to the nature of the BPW's business as an essential service provider, the need for these services to be provided on a 24x7 basis as/when necessary is imperative, to ensure access to facilities in the event of an emergency. Although BPW Buildings & Grounds staff support these efforts, the scope of services is too large and variable to fully address this need with internal resources. Accordingly, these services are outsourced to local contractors, typically for a multi-year contract with pricing reassessed prior to renewal.

With the previous contract expired, bids were requested and received from contractors, with hourly service rates provided for the 2021-2022 season. Integrity Landscape Management, LLC, the current service provider, submitted the low bid, and has provided the expected level of services in the past. Integrity's contract provided options for extension up to an additional two seasons at a fixed annual escalator of 1.5%.

The City Street Department was also contacted regarding their ability to provide this service for the BPW. Although they have the experience and equipment, staffing resources are limited, and focused on maintaining City streets during periods of inclement weather and significant snow accumulations. The City is similarly contracting the removal of snow from its public parking lots and fire stations, so adding the BPW's facilities to its present obligations is not advisable based on current staffing levels.

21.096 Winter Snow Plowing and Removal Services Contract

Motion was made by Commissioner Query and seconded by Commissioner Walters to award a snow plowing contract for the 2021-2022 season to Integrity Landscape Management, LLC, for the services outlined in their proposal with the option to extend the contract for up to an additional two (2) seasons. Motion carried. All voting aye.

**Chairperson Boerman abstained from voting.*

MPIA Fall Board Meeting Update

Boatright gave an update on the MPIA meeting that was held on Monday, October 18. They discussed the reserve levels and the fact there is nothing noted in the policy regarding this as to what the minimum and maximum should

be. Boatright questioned if we should continue our same contribution or does there come a time when enough is enough and that we need to set parameters.

MPPA Proposed 2022 Clean Energy Program

The Energy Waste Reduction (EWR) mandate within Public Act 342 (amending PA 295) will sunset on December 31, 2021. The BPW, through energy efficiency incentive programming provided by contractor Franklin Energy, has provided hundreds of thousands of dollars in incentives to our residential, commercial, and industrial customers since program inception in 2009 resulting in the implementation of numerous end-user energy efficiency measures yielding substantial reductions in kilowatt-hour usage over this period. This program has been beneficial to both the customer and to the utility and it is staff's desire to continue energy incentive programming after the mandate sunset. MPPA has polled its members to ascertain level of interest in maintaining an energy efficiency incentive program subsequent to the sunset of the mandated program. Zeeland BPW, along with approximately 12 other MPPA members, has expressed interest in continuing programming. To this end MPPA has initiated a Request for Proposal seeking qualified service providers for energy efficiency incentive programming beginning in 2022. Included under this tab is a synopsis from MPPA explaining the outcomes from member polling and the timeline for procurement of services under the heading of "2022 Clean Energy Program". The timeline indicates possible approval of procurement of services around the end of the year or beginning of 2022. If the new programming is acceptable to MPPA and the membership, staff will seek formal approval from the Board of Commissioners as early as the January 11, 2022 BPW Board meeting.

ZBPW Strategic Plan Process Update

Our Strategic Planning Process Workshop kicks-off on December 2 and 3, 2021 each afternoon for 4 hours. The agenda for this first workshop was included in the packet. Hometown Connections consultant, Steve VanderMeer, will be facilitating this workshop and has asked that we endeavor to establish calendar placeholders for the two (2) follow-up workshops each requiring an allocation of 4 hours. It was decided that maybe Saturday mornings would be better so it doesn't interfere with the Board's jobs. January 15 and February 19 were chosen for the follow-up workshops.

Franchise Renewal Update

Boatright met with Tom Oonk, Zeeland Charter Township Supervisor and Steve Bulthuis, Holland Charter Township Manager on Friday, October 15, 2021 to discuss terms and timelines regarding the renewal of franchise agreements expiring in 2022. First and foremost, both managers agreed that franchise renewal would be a good thing to do and that the relationship among the entities has been excellent over the years. Both managers agreed that one percent of gross revenues (no change from the prior agreement) from the sales in each township is acceptable for the proposed renewal. We also agreed that a May 2022, as opposed to an August 2022, ballot initiative should be pursued based on a lighter anticipated May ballot initiative load and in consideration that the August election will be a gubernatorial primary. Assuming a May ballot initiative, both townships must approve enabling ordinances which effectively grant the franchise renewal. This would require a first reading in December 2021. Each township requires two readings. Assuming ordinance approval, considering ordinance effective dates of 30 days after approval, followed by legislation in each jurisdiction that authorizes the franchise renewal ballot initiative, we will be getting very close to the election date of May 3, 2022. I will be working with City Attorney Donkersloot to assemble draft ordinance language and various other components necessary to accomplish this task. Attorney Donkersloot will be working with the township attorney, Ron Bultje, Dickinson Wright, who is the attorney for both townships.

IT Services On-going Projects Update

The on-going IT project list was included in the Board Packet.

Customer Service Utility Billing Metrics

Boatright reviewed the overdue and disconnect statistics and noted they are on the rise.

Upcoming Events

- **Next Regular ZBPW Board Meeting, November 16, 2021, 3:30 p.m., Water Warehouse Meeting Space**

- **Sligh Building Visioning Session, October 20, 2021 at 1:00 p.m. Both Boatright and Query will be attending.**
- **December BPW Board Meeting will be on December, 14, 2021 at 3:30 p.m. This is the date we changed to the 2nd Tuesday of the month.**
- **Power Dollars will begin November, 25 at 11:59 p.m. and will run through December 12, 2021.**
- **Emergent Malt Meeting on Friday, October 22, 2021. Boatright and Chrisman will be attending to discuss a payment plan.**

Motion was made and supported that the regular meeting be adjourned at 6:27 p.m. Motion carried. All voting aye.

Pamela Holmes, City Clerk