

Regular Meeting
Board of Public Works
Water Warehouse
November 16, 2021

The regular meeting of the Board of Public Works Commission was held at the BPW Water Warehouse, 330 E. Washington, Tuesday, November 16. Chairperson Boerman called the meeting to order at 3:30 p.m.

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

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

Motion was made by Commissioner Cooney and seconded by Commissioner Query to approve the minutes of the October 19, 2021 regular meeting. Motion carried. All voting aye.

Public Comment

No public comment given.

Safety Minute

The Safety Minute this month was regarding strategic breaks and Zoom fatigue.

21.097 Approve Cash Disbursements and Regular Monthly Transfers

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

Cash and Investments as of: October 31, 2021

	Electric	Water
Receiving	\$1,104,713	\$447,946
Accumulated Debt Service (in Receiving Fund)	-	-
Plant Improvements and Contingencies	\$25,074,433	\$13,218,881
Bond and Interest Payment Reserve*	-	-
Totals	\$26,179,146	\$ 13,666,826

* Reserve required per electric and water revenue bond ordinances.

Recommended Transfers for the Month: October, 2021

	Electric	Water
Receiving	(42,309)	(55,600)
Accumulated Debt Service	-	-
Plant Improvements and Contingency	-	55,600
General Fund (per charter provision)	42,309	

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 October 2021 and the Zeeland Water Usage for October 2021.

Electric Transmission & Distribution

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

DeKraker explained the purchase of 6-three-phase transformers was recommended and approved at the September, 2021 Board Meeting. When the three phase transformers were being purchased, a few incorrect items were noticed on the quote. The transformers had to be requoted since the quote dates had expired. In doing so, significant price increases were presented to us. Howard Industries we did not requote because the price was greater than either re-quote we received. Eaton did not meet the requirements of us needing a Load Break Switch so they were also not asked to re-quote.

The 6-three-phase pad mounted transformers are for upcoming construction coming in the spring/summer of 2022 and inventory replacement. Due to the long lead times, we are having to order extra early this year. We have done loss evaluation comparison on the transformers at no load and full load ratings, so although a transformer may be least expensive on the bid it may not be when adding in the losses.

The lowest cost option was not chosen because of the extremely long lead time of 50-52 weeks. This will not allow us to meet our customers' needs for their construction projects this spring. Although Irby is 19-20 weeks and Howard Industries is less, the 19-20 weeks still allows us to get the transformers in time and GE has been meeting their delivery dates.

Also, because of the ordering being delayed due to needing to requote the transformers and due to the long lead times, the GE Transformers have been ordered. But we are able to cancel the order should the Board not approve.

21.098 Three-Phase Transformer Purchase Recommendation

Motion was made by Commissioner Dykstra and seconded by Commissioner Query to award the purchase of 6 three-phase GE Transformers to Irby for \$81,693.00. Motion carried. All voting aye.

Electric AMI Customer Service Notification Plan

Staff has been working diligently on developing a customer notification and outreach plan in association with the full-scale rollout of electric advanced meters slated to begin in January 2020. DeKraker shared a video presentation regarding the AMI installation process. The communication plan is designed to work substantially as follows:

Communication Piece	Recipient	When Delivered
Bill Insert	All electric accounts who receive a physical utility bill	with December utility bills
Email Message (bill insert equivalent)	All electric accounts who receive a paperless utility bill	with December utility bills
Post Card	All electric accounts	mailed by Dec 31, 2021
Information and FAQs	For internal education and talking points for BPW and COZ staff	early January 2022
Myths vs. Facts	Website, Social-media, and general public outreach	early January 2022
Lobby Flyer	Customers visiting BPW Customer Counter	early January 2022
Web Page	General public as needed	December
Phone calls	Electric accounts scheduled for meter exchange	in advance of meter exchange
Letters	Electric accounts scheduled for meter exchange	in advance of meter exchange
Door hanger	Electric accounts scheduled for meter exchange	upon exchange of meter

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.

In March 2021, the BPW executed its first sale of REC's in the Ohio market, and is currently executing another for 10,000 REC's. These transactions were executed independently, but in conjunction with those executed by the Michigan Public Power Agency (MPPA).

Due to increased pricing in the Ohio market, the BPW and MPPA have again been approached by a counterparty,

with an opportunity to participate in submitting an RFP for a large volume of Ohio REC's. Following completion of the current transaction, the BPW will have 5,901 Ohio REC's in its GATS account, with another 3,271 verified and due for September and October generation (9,172 Total). Staff anticipates participating at a quantity of 5,000 REC's, but requests approval to execute a sale of up to 7,500 Ohio REC's at pricing levels exceeding \$11.00 per REC. If approved, the transaction will be executed directly between the BPW and the counter-party, with the assistance of MPPA on the BPW's behalf.

21.099 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 7,500 - 2021 Vintage Renewable Energy Credits (REC's) in the BPW's GATS account be negotiated with counterparties. Based on the negotiated price, the resulting transaction is estimated to total as much as \$100,000, the proceeds of which will offset the BPW's power supply cost for Autumn Hills and that a letter of authorization be signed by the BPW's General Manager, allowing MPPA to execute this transaction on the behalf of the BPW and the City of Zeeland, subject to the terms reviewed and approved in the Sale Agreement by BPW Staff and the City Attorney. Motion carried. All voting aye.

Customer Service Reorganization

It is leadership's intention to build a highly successful, effective and cohesive customer service team. We believe the first step to accomplishing this goal is to flatten and realign the customer service department. The addition of the Utility Accounting and Finance Manager position has created the opportunity to separate billing, customer service and procurement.

A new position titled **Utility Billing Specialist** will create the billing department at this time. Not only will this position be responsible for all BPW billing, this individual will possess billing software technical skills and is interested in digging deeper into the software, making efficient work of our team and owning the movement of our billing software. This individual will perform all billing duties, assist with the timely and accurate processing of usage billing, serve as the billing software expert, track customer payments, and responds and interacts with customers regarding escalated billing and service concerns.

Separating billing from the Customer Service department opens the need for a strong Customer Service team. It is staff's intention to focus on building, maintaining and molding customer relationships, especially as we deploy new technology. Research shows that the COVID-19 pandemic has changed relationships. Our relationship with our customers and the community is most important. A **Customer Relationship Specialist – FT** will be responsible for tasks that are currently assigned to customer service representatives– such as first point of contact, email and phone call operator, cashiering, etc. – and will also include organizational administrative tasks – such as customer notifications, organizational mailings and community outreach.

Because the Board of Public Works would like to maintain a welcoming voice during business hours, two part-time **Customer Relationship Specialist – PT** will be strategically scheduled to maintain daytime coverage, schedule flexibility and assistance during all hands-on deck situations.

If approved these changes will decrease budgeted labor expenses from \$255,387 to \$234,959 for FY21-22.

Purchasing/Accounts Payable Coordinator New Position

When the opportunity arose to reimage the BPW Accounting and Finance function, we felt it important and necessary to establish a manager level position to oversee and manage, not only accounting and finance aspects of the department, but also the customer service and utility billing functions with the goal of enhancing customer service and engagement as well as maintaining excellence in fiscal management. An outcome of this reimagining was the hiring of Kate Chrisman, Utility Accounting & Finance Manager. As with all members of the BPW leadership team, Kate is tasked with, among other things, departmental leadership, project involvement, community involvement, continuous process improvement, and advancements in the use of technology. This organizational change vastly increased the reach of the fiscal function from the narrower scope that focused only on accounting, and was intentional and in alignment with our strategic performance objectives to "deliver

exceptional leadership, staffing and fiscal responsibility." The reimaged fiscal function at the BPW, has given rise to a capacity constraint in our ability to be precise and thorough in the practices of purchasing and accounts payable.

The issuance of purchase orders is purely symbolic and represented only by a piece of paper that gives the vendor/supplier assurance of our intention to transact business, but in no way tracks the corresponding expense against appropriations. Our financial reporting provides actual expenses compared to budget but does not provide actual expenses *including encumbrances* against appropriations leaving no accounting of a significant piece of cost information. This gap in reporting is not conducive to transparency in tracking costs against budget.

Staff is therefore recommending the addition of a **Purchasing and Accounts Payable Coordinator**. This individual will work with staff to oversee the procurement of supplies and equipment for the organization, inspect and track invoices, and provide up-to-date financial details of the Capital Improvement and O&M budgets. The position will be held responsible to track routine expenses and verify alignment with budget and expected / historical costs, identify irregularities and provide Department Managers with operations cost information.

The Board of Public Works payments to vendors accounted for 71.2% of the City's total disbursements in FY19-20 and 79.0% of total disbursements in FY20-21. With a dedicated purchasing coordinator: budgets and spending are properly controlled, deals that are most beneficial to the organization financially can be found, and the procurement operation is ensured to be efficient.

Under the general supervision of the Utility Accounting & Finance Manager, the Purchasing and Accounts Payable Coordinator will be responsible for performing a variety of professional activities in support of centralized purchasing of a variety of materials, supplies, equipment, and services for use by all Zeeland BPW departments. Managing the procurement of products, materials, goods and services effectively consists of establishing and following process steps through the entirety of the purchasing lifecycle. In line with small business practices, this individual will possess the skillset to support other functions of the accounting, finance and customer service team.

This proposal supports the BPW's strategic objective to deliver exceptional leadership staffing, and fiscal responsibility: by securing in-house expertise to facilitate technology, planning, and advancements; by maintaining outstanding fiscal management through effective risk management and Board policies; and by maintaining a succession plan that preserves the culture of the BPW management. When optimized to save money, time and resources, procurement can be leveraged as a strategic advantage.

City of Zeeland Finance Director Kevin Plockmeyer fully supports this proposal, stating that this role could help guide the way to new processes citywide. The BPW's need and healthy fund balance create the appropriate environment for this focus. Staff recommends this position fall in City of Zeeland/Zeeland Board of Public Works Grade #4 - \$46,670- \$60,673 on the wage scale, beginning pay to reflect experience. This pay-grade level includes the City's Deputy Treasurer/Accountant whose qualifications and skills are similar to those desired in this position.

With the elimination of a full-time customer service representative due to retirement, the BPW will save \$20,428 in FY21-22 labor expenses. If approved, the addition of this position will add \$40,397 in FY 21-22 labor expenses assuming a conservatively budgeted, skill and experience-based beginning pay. Annual expenditures will increase from \$255,387 to \$295,785.

Wage Scale Adjustment – Part-Time Building and Grounds Foreman & Laborer/Maintenance Staff

This past June, the BPW's part-time Buildings & Grounds Foreman retired after serving the organization for nearly fifty years, over twenty of which were in this capacity. In preparation for this transition, staff considered succession planning and potential changes to the role to best meet the changing needs of the organization. Staff believe that additional duties should be added to create a primary person responsible for all BPW facilities, along with administrative responsibilities such as capital improvement planning and budget development. With the increased responsibilities, needs brought about by the expansion of BPW facilities, and the current labor market,

staff feel that an adjustment to the FY2022 wage scale for this position is necessary to attract and retain a qualified candidate.

The FY2022 wage scale for this part-time hourly position is \$20.35 - \$22.24. After reviewing comparable full and part-time positions in the region, staff believes that an adjustment to \$23.00 - \$32.00 is necessary, for the aforementioned reasons. Similarly, the employees that this individual supervises, part-time BPW Laborer / Maintenance workers, have an hourly position wage scale of \$9.93 - \$19.27. Staff believes this should be adjusted to \$10.64 - \$23.00 to align with similar City positions at the lower limit, and provide additional latitude for compensation.

In reevaluating the Buildings & Grounds Foreman position, staff anticipates that this will become a full-time position in the near future, to meet the increasing needs of the organization. It is staff's intent to hire a qualified candidate seeking part-time employment at the present time, who wishes to transition to full-time when the position is reconfigured accordingly. Staff intends to align that transition with the City's budget cycle, the next opportunity being July 1, 2022. In the interim, the job description will mirror that of the pending full-time position, but the scope of responsibilities in certain areas will be reduced and back-filled by other members of staff, as is the current practice.

Questions were raised if the Customer Service Department reorganization was really needed to which Boatright responded that it is important and beneficial to the organization to detach billing from customer service. Detachment adds a level of protection between the biller and the employee responsible for receiving payment. Segregation of duties is the most effective internal control; this means that no financial transaction is handled by only one person from beginning to end. In the current customer service environment, there are no separation of duties.

The new Purchasing and Accounts Payable Coordinator was also discussed as we have been doing fine without having one. Boatright explained that today, procurement is performed by virtually any individual staff member who is in need of a particular good or service. This leads to practices that result in inconsistent interpretation of the procurement policy, vendors/suppliers not in compliance with the City's procurement terms (because we have not provided such terms), inconsistent invoicing from vendors/suppliers, inconsistent coding of expenses against the appropriate enterprise budget cost center, and no recording of expense liabilities against budget appropriations. When companies don't have a person in charge of overseeing their purchasing activities, it's typically the Finance Director who takes on this responsibility. This puts procurement in the realm of being a tactical activity rather than a strategic one. Centralizing this position will create uniformity in procurement processes and alleviate the need, where appropriate, for department managers to initiate, build, and maintain vendor/supplier relationships.

21.100 Reorganization of Customer Service

Motion was made by Commissioner Cooney and seconded by Commissioner Query to approve the realignment of the Customer Service Department including creation of a Utility Billing Specialist, Customer Relationship Specialist-FT and a Customer Relationship Specialist-PT and also approves recruitment of an additional part-time employee and wage classes set as presented including a part-time wage scale increase from \$16.14 low to \$23.11 high to \$20.40 to \$26.52 respectively. Motion carried. All voting aye.

21.101 New Position – Purchasing and Accounts Payable Coordinator

Motion was made by Commissioner Query and seconded by Commissioner Cooney to approve the creation of the Purchasing and Accounts Payable Coordinator position pending approval by City Council at their December 6, 2021 meeting. Motion carried. All voting aye.

21.102 Wage Scale Adjustment – Part-Time Buildings & Ground Foreman & Laborer/Maintenance

Motion was made by Commissioner Dykstra and seconded by Commissioner Cooney to approve to adjust the Buildings & Grounds Foreman part-time hourly wage scale to \$23.00 - \$32.00 per hour, and that of the part-time BPW Laborer/Maintenance worker to \$10.64 - \$23.00 per hour. Motion carried. All voting aye.

Utility Billing Discrepancy Discussion

Staff presented details concerning a recently discovered utility billing discrepancy involving an incorrect metering multiplier for an electric account served under Rate B. Staff requested the Board's input on how to proceed to resolve this issue.

OSHA Emergency Temporary Standard COVID-19 Vaccination and Testing Policy

On November 4, the Occupational Safety and Health Administration (OSHA) issued an Emergency Temporary Standard which deals with COVID-19 Vaccination and Testing requirements for employers with over 100 employees. There have been questions as to whether this temporary standard would apply to us because OSHA rules apply only to private businesses and what basis is to be used to determine number of employees. In regards to the question of the rule applying only to private businesses, Michigan is one of 26 states the State level MIOSHA has jurisdiction over State and Local Governments, so we will be required to follow the ruling from this perspective. In regards to our employee count, based on our interpretation of an employee as outlined in the standard, we have over 100 employees. As you may be aware, this rule is currently subject to a stay order issued by the United States Court of Appeals for the Fifth Circuit.

Because this standard does apply to the City of Zeeland, staff has been working to develop a policy in order to make sure we are in compliance with the standard by the compliance dates established by OSHA. While staff realizes that this standard is currently being challenged in the court system, we feel the need to continue to press forward in drafting a policy in order to make sure we have a policy in place by December 6 which has been identified as the first compliance date by OSHA and in order to do so have partnered with HR Solutions assist us in this process. Unfortunately, we will not have the full policy completed for City Council approval on November 15, but we anticipate having the policy in place prior to City Council's December 6 meeting. Because this is the case, we are asking for City Council approval this evening (November 15) to allow staff to implement a policy in accordance with the mandate deadline of December 6. Our intention would be to bring the full policy to City Council at its December 6th meeting. The basic tenants of this policy would include:

1. Policy on Vaccination - We intend to have a Partial Vaccination Policy. This means we will not be mandating employee vaccinations, but instead allow unvaccinated employees to wear face coverings and adhere to the testing requirements of the standard.
2. The policy will allow the City to determine the vaccination status of each employee, obtain acceptable proof of vaccination, and maintain records of each employee's vaccination status.
3. The policy will make accommodations for medical exemptions or sincerely-held religious beliefs.
4. The policy will have provisions that allows for paid time off for purposes of receiving the vaccine and recovering from being vaccinated.
5. The policy will have notice requirements and removal from the workplace requirements for employees that test positive for COVID-19.
6. The policy will ensure employees who are not fully vaccinated wear face coverings when indoors or when occupying a vehicle with another person for work purposes.
7. The policy will ensure that employees who are not fully vaccinated are tested for COVID-19 every seven days in accordance with the rule.

Based on these basic tenants, there is a bit of work required of staff in order to maintain compliance with this ETS. Because the testing compliance of the ETS does not go into effect until January 4, we would envision working on tenants 1-5 in November and work through the testing requirements and questions surrounding this process during the month of December. With this in mind, there is a possibility that Council may end up adopting multiple versions of this policy, so we are asking for your patience in advance as we work through the requirements of this standard.

MPPA 2022 Clean Energy Program Recommendation

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. MPPA has completed a Request for Proposal process seeking qualified service providers for energy efficiency incentive programming beginning in 2022. A summary of the RFP submittals including MPPA's recommendation to enter into a contract with Franklin Energy based on theirs being the lowest and best proposal was included in the Board packet for reference. The MPPA Board of Commissioners approved staff's recommendation to secure services through Franklin Energy for the MPPA Clean Energy Program at their November 10 Board of Commissioner meeting. MPPA staff is now charged with the task of negotiating final terms and conditions culminating in a contract. The timing for completion of contract negotiations is scheduled for December 31, 2021. For our part, we have verbally committed to participation in the MPPA Clean Energy Program at the level we have traditionally budgeted for this activity. We anticipate having additional details available regarding programming and costs by the time of the December 2021 Board meeting and will seek Commissioner approval at that time. The MPPA 2022 Clean Energy Program is scheduled to be launched in January 2022.

21.103 MPPA 2022 Clean Energy Plan Recommendation

Motion was made by Commissioner Query and seconded by Commissioner Wolters to authorize the General Manager to sign an MPPA Letter of Authorization to participate in the MPPA 2022 Clean Energy Program at an approximate commitment level of \$517,350.00.

Franchise Renewal Update

City Attorney Donkersloot has been working with Township Attorney Ron Bultje in developing franchise renewal ordinance language for consideration by both township boards. The language for the proposed ordinances tracks ordinance language for a franchise agreement which was recently negotiated with Consumers and, therefore, does not repeat and update the language of our existing agreements. In consideration of this, Attorney Donkersloot has recommended that we closely review the language and provide commentary as necessary and appropriate. The townships require two ordinance readings for adoption. Therefore, we are targeting the first December meetings to introduce the legislation – December 2 for HCT and December 7 for ZCT, with adoption at their 2nd December meetings – December 16 for HCT and Dec 21 for ZCT. If approved, we would then seek a ballot initiative for the May 2022 ballot.

Performance Metrics FY2022 Q1 Update

Staff has been working hard on the Performance Metrics and it shows. Initiatives are on track for completion by fiscal year-end or are already completed. The few exceptions are initiatives that require additional due diligence or are encumbered by issues outside of staff's control.

IT Services On-Going Projects Update

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

Customer Service Utility Billing Metrics

Boatright gave an update on the project and the utility payment statistics that were included in the Board packet.

Upcoming Events

- **Next Regular ZBPW Board Meeting, December 14, 2021, 3:30 p.m., Water Warehouse Meeting Space (Note: This is the 2nd Tuesday of the month.)**

- **ZBPW Strategic Planning Workshop – First meeting – Thursday, December 2, 2021, 12 noon to 4:00 p.m. Water Warehouse Meeting Space.**
- **Downtown Christmas Parade, Monday, November 29, 6:00 p.m.**
- **Power Dollars will begin November, 24 at 11:59 p.m.**

Motion was made and supported that the regular meeting be adjourned at 6:37 p.m. Motion carried. All voting aye.

Pamela Holmes, City Clerk