

Regular Meeting
Board of Public Works
Water Warehouse
February 14, 2023

The regular meeting of the Board of Public Works Commission was held at the BPW Water Warehouse, 330 E. Washington, Tuesday, February 14, 2023. Chairperson Boerman called the meeting to order at 3:30 p.m.

PRESENT: Commissioners – Chairperson Boerman, Vice Chair Cooney and Walters

ABSENT: Commissioners – Query, Dykstra

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

Motion was made by Commissioner Cooney and seconded by Commissioner Walters to approve the minutes of the January 10, 2023 Regular Meeting. Motion carried. All voting aye.

Public Comment

No public comment given.

Safety Minute

The Safety Minute this month was regarding attacks in crowded and public spaces.

Annual Financial Report Year Ending June 30, 2022

Matt Sinnema, from Kiekover, Scholma & Shumaker, PC attended the meeting to present the Financial Report for year ending June 30, 2022 to the Board of Commissioners. It was a Clean Opinion and the finances are in good order.

Financial Reports

Chrisman gave an update on the Electric Department and Water Department’s revenues, expenditures, assets and electric rates and fees.

23.004 Approve Cash Disbursements and Regular Monthly Transfers

Motion was made by Commissioner Cooney and seconded by Commissioner Walters to approve the December, 2022, cash disbursements and the regular monthly transfers for the month of December, 2022 as follows:

Cash and Investments as of: December 31, 2022	Electric	Water
Receiving	\$236,925	\$448,055
Accumulated Debt Service (in Receiving Fund)	-	-
Plant Improvements and Contingencies	\$19,089,223	\$13,326,744
Bond and Interest Payment Reserve*	-	-
Totals	\$19,326,148	\$13,774,799

* Reserve required per electric and water revenue bond ordinances.

Recommended Transfers for the Month: December, 2022

	Electric	Water
Receiving	(44,214)	(40,600)
Accumulated Debt Service	-	-
Plant Improvements and Contingency	-	40,600
General Fund (per charter provision)	44,214	-

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.

Levandoski reported that back on September 21, 2022, Dixon Engineering completed an Inspection on the 5MG Reservoir located at 811 E. Washington Ave (ZGS). The exterior overcoat system was applied in 2017 and remains in good condition. During the recoating project, spalls and cracks on the roof were repaired and do not show signs of deterioration. The wet interior coating on the vertical sidewall joints was applied after the tanks construction in 2002 and are still in good to fair condition.

There are two types of coating applied on the sidewall joints, with one type appearing to be an epoxy topcoat that is delaminated from a reddish undercoat. The reddish undercoat appears to be intact. The second type of coating system is a rubberized material that has blistering on the surface of the coating film. Blistering of a rubberized coating is a common deficiency where air gets entrapped into the coating film during the application process and is unable to escape before the top of the film skins over and hardens. The blisters are on the surface of the coating film and there was no evidence that they are affecting the adhesion of the coating to the surface.

The floor of the reservoir was not coated during the original construction of the tank in 2002. Shortly after construction, cracks in the floor appeared and were caulked and monitored over the next couple of years. It was determined that the cracking was inactive at that time and their condition appears to be unchanged. As a preventative measure, the application of a coating system over the floor surface would inhibit future deterioration by providing a barrier protectant over the cracks in the concrete surface.

Staff recommends hiring Dixon Engineering Professional Services to provide: Technical Specifications, Bidding and Contract Documents, Preconstruction Meeting, Project Administration, Wet Interior, and Exterior Coating Observations on the 5,000,000 Gallon Concrete Reservoir.

23.005 Engineering Services for 5MG Reservoir Painting and Repair Project

Motion was made by Commissioner Walters and seconded by Commissioner Cooney to approve the Dixon Engineering Project Service Agreement for a total of \$29,500.00 as presented. Motion carried. All voting aye.

Levandoski explained the Carlton Pump Station is a critical component of our water infrastructure and it is essential that we have a reliable and efficient backup power solution in place to ensure the continuity of water services to the community. After careful consideration and research, the Water Department has determined that there are several significant advantages to using a natural gas generator over a diesel generator.

In terms of reliability, natural gas generators are also more reliable than diesel generators in the long run. They are less likely to break down and require less maintenance, which can result in less downtime and less interruption of services to our customers. The Carlton Pump Station is responsible for providing water services to the community, so it is essential that we have a reliable backup power solution in place to ensure continuity of service in case of a

power outage. Additionally, natural gas generators are considered more reliable in terms of power reliability as they are less prone to voltage fluctuations, blackouts and power outages and can provide continuous, stable power supply.

Another major advantage of natural gas generators is their longer lifespan compared to diesel generators due to less wear and tear. This means that our investment in a natural gas generator will be more cost-effective in the long run. The generator is also quieter in operation, reducing the potential disruptions to our community. Moreover, natural gas generators have fewer moving parts which translates to less maintenance required and lower maintenance cost. This, coupled with the faster start-up times makes it a more reliable option in emergency or backup power situations. The generators are also more scalable, easily adapting to changing power demands, making them more versatile than diesel generators.

Three bids were received for the purchase of a stationary generator at the Carlton Pump Station. All bids submitted included pricing options for natural gas and diesel and all bids submitted were sole sourced through Parkway Electric because the contractor has extensive knowledge of ZBPW's pump stations and has been the sole Electrical Contractor for all pump station projects over the past 10 years.

23.006 Carlton Pump Station Generator Purchase

Motion was made by Commissioner Cooney and seconded by Commissioner Walters to approve Parkway Electric's Proposal and Scope of Work for a 250KW Kohler Natural Gas Generator in the amount of \$197,930.00 plus a 10% contingency of \$19,793.00 for a total project cost of \$217,723.00. Motion carried. All voting aye.

Levandoski reported the Main Avenue Snowmelt and Streetscape Project is a part of the 2023/2024 budget and on January 26, 2023, four bids were received for the project. After thorough review and accuracy checks, Site Works Solutions, Inc. submitted the lowest bid, which amounted to \$8,404,779.57. The estimated cost as per the engineers was \$8,868,660.50. Site Works Solutions, Inc. has a commendable performance record in previous projects, and it is recommended that the contract be awarded to them for the project in the total amount of \$8,404,779.00.

Included in the bid from Site Works Solutions, Inc. is the cost for ZBPW Water, which is \$126,388.24 (ZBPW Water Department Bid) + \$12,750 (contingency) + \$13,462.50 (Engineering and Administration) + \$12,000 (decorative curb box material) + \$15,260.74 (10% internal ZBPW Labor), equaling a total project cost to ZBPW Water Department in the amount of \$179,861.48. This project has been pre-approved by City Council on February 6, 2023

23.007 Main Avenue Snowmelt and Streetscape Project

Motion was made by Commissioner Cooney and seconded by Commissioner Walters to award Contract work to Site Work Solutions in the amount of \$179,861.48 for the Main Avenue Snowmelt and Streetscape Project. Motion carried. All voting aye.

Levandoski explained the Washington Pump Station is connected to the BPW's electric distribution system, with back-up power provided by redundant 1,000 kW generators installed in the adjacent West Washington Generation Facility. On November 27th, 2022, a series of momentary outage events on the feeder circuit supplying the Washington Pump Station occurred as the result of a failing porcelain cutout on the distribution system. The substation reclosure initially activated twice but did not enter 'lock-out' because a third and final activation did not occur within the configured time period, allowing it to clear and reset. This situation continued, with intermittent momentary outages occurring until failure of the cutout occurred sometime later. Although an unusual sequence of events, the equipment and control operated properly.

Following the first momentary outage at 7:38:53 am, the West Washington Generation Facility generator controls initiated a "Black Start" event to provide emergency backup power to the pump station. This sequence includes opening the Utility breaker to isolate the distribution system, and starting both generators. The breaker opened and

both generators were started successfully, restoring power to the pump station. Due to the intermittent nature of this outage event, utility power was restored to the switchgear for a period of 5 minutes without interruption. This caused the generator control logic to initiate a 'synchronize' sequence based on the assumption that the fault had been resolved, followed by closing the Utility breaker reconnecting the pump station and running generators to the distribution system. This sequence executed properly, and as expected. At that point, both generators remained running but were about to initiate a shut-down sequence, as utility power had been properly restored. Before this could happen, another momentary fault caused by the failing cut-out resulted in both the substation feeder reclosure opening and the West Washington Generation Facility utility breaker tripping and locking out. The latter of these in turn tripped and faulted both running generators, requiring manual intervention to reset and restart. As a result, the Washington Pump Station was without power from 7:44:34 am until 9:21:42 am, while staff responded and assessed the situation.

Subsequent intermittent faults caused the substation feeder reclosure to open and close several times until the cutout finally failed shortly before 7:55:02 am, at which time it again closed and remained so. Repairs were made to address the issues by the BPW's T&D Department, and the West Washington Generation Facility Utility breaker reset restoring power to the Washington Pump Station at 9:21:42 am.

After the sequence of events were reviewed and understood, a meeting was held with BPW Electric and Water Department staff to review and propose recommendations, followed by discussions with Theka Engineering about modifying the generator control "Black Start" sequence. The team decided that the Utility breaker should immediately open and lock-out upon the loss of power, followed by starting the generators under a "Black Start" condition. Once started, the generators will continue to run isolated from the distribution system, ensuring that the equipment in Washington Pump Station is powered and is not impacted by potential subsequent transient events on the distribution system. Operation will continue in this manner until all known issues have been resolved, requiring manual intervention on-site to restore utility power to the facilities. The generators will then be unloaded and shut down.

Additional proposed solutions for the November 27th, 2022, event also include adding redundancy to the system through Parkway Electric's scope of work, which includes: (\$89,560.00)

- Providing one 1,200-amp service rated transfer switch with GFI protection (42-week lead time).
- Providing all conduit, wire, and labor needed to install the transfer switch and connect it to the owner-provided 750 KVA transformer.
- Providing trenching for conduits from the 750 KVA transformer to the building.
- Providing a concrete pad for the owner-supplied transformer.

The ZBPW Electric Department has submitted a detailed quote for the material and labor costs include: (\$59,889.10)

- Transformer Concrete Pad
- Termination Lugs
- Current Transformers
- Meter Socket
- Transformer Related Meter
- #2 Cu Cable 3-ph
- 750 KVA Transformer
- ZBPW Internal Labor

This project has been sole sourced to Parkway Electric due to the fact Parkway Electric has already been approved as a contractor on the Washington Pump Station Pump, Motor, VFD, HVAC Upgrade Project.

23.008 Washington Pump Station Utility Upgrade Project

Motion was made by Commissioner Cooney and seconded by Commissioner Walters to approve Parkway Electric's proposal and scope of work in the amount of \$89,560.00 and approve ZBPW Electric Department proposal and Scope

of Work in the amount of \$59,889.10. Total project amount of \$149,449.10 (FY2024 CIP Budget \$150,000). Motion carried. All voting aye.

Transmission and Distribution Operations

Electrical Transmission and Distribution Manager Coots updated the Board on activities including the T & D Department Report.

Coots explained Coots explained the Fairview Substation currently has one 138/69 kV transformer with a peak rating of 83.3 MVA and two 25 MVA 69/12.47kV transformers. Fairview Substation currently has nine distribution feeders and carries roughly 30 MVA of load during peak. Also, two of the Fairview distribution circuits are backup feeds for large customers and one distribution circuit has yet to be loaded. Transformer #1 and Transformer #2 are not capable of supporting all Fairview loading during a contingency. Increasing the size of both 69/12.47kV transformers at Fairview Substation allows for improved system reliability and future growth.

Two bids were received, and a bid evaluation was performed by the ZBPW T&D Department and PKM Consulting. Both recommended awarding the purchase of Fairview Substation T1 & T2 Replacement Construction to Kent Power.

23.009 Fairview Substation T1 & T2 Replacement Construction Bid Recommendation

Motion was made by Commissioner Walters and seconded by Commissioner Cooney to award the purchase of Fairview Substation T1 and T2 Replacement Construction Bid to Kent Power for a total price of \$399,223.00. Motion carried. All voting aye.

Coots reported six PMH-10 / PSI/II-10 switchgear cabinets are needed for completion of the Northside substation as part of the owner furnished materials. These switchgears will be used as the circuit exit outside of the substation where all distribution cables from the 12.47kV bus work will be terminated. Remaining switchgear cabinets will be used for undergrounding existing and future distribution circuits.

23.010 Switchgear Bid Recommendation for FY2024 Projects

Motion was made by Commissioner Cooney and seconded by Commissioner Walters to award the purchase of six PMH-10, two PMH-11 and two PMH-12 switchgear cabinets to IRBY Co. for a total of \$214,559.00 and award the purchase of two PSIA/11-5, two PSI/11-9 and two PSI/11-61 switchgear cabinets to Border States for a total price of \$107,804.00 and a grand total price of \$322,363.00. Motion carried. All voting aye.

Coots reported underground 500 Aluminum cable is used as primary conductor on our distribution system backbone. Traditionally copper cable has been used on our system, but due to material lead times and tripling copper cost, aluminum cable was selected to construct near term radial line extensions. Notable primary line extensions in the near term include projects for Kinder Morgan and Gentex. The exact cost could change due to the price of materials potentially rising, but the quotes received have the same escalation clause.

23.011 Aluminum Cable Purchase

Motion was made by Commissioner Walters and seconded by Commissioner Cooney to award the purchase of 7,500 ft. of Underground Aluminum Cable to IRBY for a total price of \$60,142.50 with the potential for appropriate added cost due the escalation clause on material costs. Motion carried. All voting aye.

Coots reported twenty-five (25) single-phase and fourteen (14) three-phase pad mounted transformers are needed for upcoming street projects, other construction coming in the spring/summer and inventory replacement. Lead times were taken into effect for this bid evaluation along with overall evaluated pricing. However, the lowest pricing coincided with earliest lead time.

23.012 Distribution Transformer Purchase

Motion was made by Commissioner Cooney and seconded by Commissioner Walters to award the purchase of 25 single-phase transformers to IRBY using GE Transformers for \$184,425.00 and award the purchase of 14 three-phase transformers to Power Line Supply using Midwest Transformers in the amount of \$322,549.00. Motion carried. All voting aye.

Electric Power Supply & Market Operations

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

Mulder reported the Zeeland Board of Public Works (BPW) participates in the wholesale power market through the Michigan Public Power Agency (MPPA). That participation is guided by a Power Supply Risk Management Policy approved by the BPW Board, and 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 as specified under MPPA's 'Stability Plan' which the BPW has selected.

To ensure compliance 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 has recommended that monthly energy purchase transactions be executed for the period of calendar years 2025 – 2028, to address open positions and mitigate risk by aligning the BPW's hedged position with its risk management policy. These include a combination of On-Peak (5x16), Off-Peak (5x8, 2x24), and Around-The-Clock (7x24) transactions. The resulting recommendations were provided to the Board in the meeting packet.

The total, not-to-exceed cost associated with these recommended volumes and products at the maximum stated strike prices yields a maximum commitment of \$22,430,658.40, which averages \$52.21 / MWh. These transaction(s) will be for Financially Firm Energy with physical delivery to the MISO Michigan Hub in the Day Ahead Market, at or below the monthly not to exceed limits.

23.013 MPPA Short-Term Bilateral Energy Purchases, 2025 - 2028

Motion was made by Commissioner Cooney and seconded by Commissioner Walters to approve the presented energy commitments and authorizing the General Manager to commit to the purchase of the following short-term energy products totaling a maximum not-to-exceed cost of \$22,430,658.40:

1. Calendar Year 2025:
 - a. On-Peak (5x16) firm energy up to \$4,432,728.00 for 73,520.0 MWh (\$60.29 / MWh avg.)
 - b. Off-Peak (5x8, 2x24) firm energy up to \$2,643,713.60 for 56,554.4 MWh (\$46.75 / MWh avg.)
2. Calendar Year 2026:
 - a. On-Peak (5x16) firm energy up to \$4,461,358.40 for 74,745.6 MWh (\$59.69 / MWh avg.)
 - b. Off-Peak (5x8, 2x24) firm energy up to \$ 3,677,772.00 for 81,486.4 MWh (\$45.13 / MWh avg.)
3. Calendar Year 2027:
 - a. ATC (7x24) firm energy up to \$5,216,090.40 for 103,039.2 MWh (\$50.62 / MWh avg.)
4. Calendar Year 2028: a. ATC (7x24) firm energy up to \$1,998,996.00 for 40,240.8 MWh (\$49.68 / MWh avg.)

The BPW's Energy Risk Management Policy Statement specifies that transaction terms greater than five years shall be approved by the BPW Board and Zeeland City Council. Accordingly, staff requests Board approval to proceed with

this transaction as stated, subject to approval by City Council at their February 20, 2023 meeting. 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 engaged in discussions with a project developer planning a utility scale Battery Energy Storage System (BESS) in Washtenaw County, MI. Staff believes this is a compelling opportunity at that right time, for several reasons:

- Transaction Features:
 - o Simple Purchase Power Commitment (PPC) transaction structure
 - o Small size, providing an ability to learn more about Battery Storage Technology
 - o New capacity resource in Michigan, at a time when conventional units are being retired
- Economics:
 - o Capacity only transaction without energy, market arbitrage, or ancillary services
 - o Firm pricing, favorable given recent transactions, and forward market projections
- Risk Factors:
 - o Credit worthy counterparty
 - o Development and performance risks reduced due to posted financial security
 - o Potential MISO Tariff Changes: Changes to the current 4-hour requirement would have far-reaching impacts on this and similar projects, which would be contested by numerous MISO market participants. Such risks are unavoidable, and not unique to MPPA or this transaction. The size and term of this agreement significantly reduces those risks.

If approved, the Agency would commit to a 10-year Capacity Purchase and Sale Agreement (CPA) between MPPA and the developer, for a 25 MW Zonal Resource Credit (ZRC) share of the project delivered to MISO Local Resource Zone 7 (LRZ 7). The agreement would be a capacity only transaction, representing one MW of unforced capacity for each ZRC, as defined in the MISO Tariff. The ZRC's procured from this CPA will be used in part to satisfy the BPW's capacity demonstration requirements under Michigan Public Act 341, and MISO's resource adequacy requirements. The BPW's recommended project allocation is stepped based on open positions in our portfolio, and the needs of other MPPA member participants.

MPPA Total Project Offtake (ZRCs): 25.0 MW

Zeeland's Project Allocation, Years 1-3: 1.7 MW 6.8% of MPPA's Allocation

Zeeland's Project Allocation, Years 4-10: 4.0 MW 16.0% of MPPA's Allocation

As a project participant, the Zeeland BPW would receive and pay for its pro-rata share of the MPPA project based on the terms and contract rate in the CPA. Over the term of the PPC, the BPW's forecasted financial commitment is \$1,879,432, but would be calculated based on the actual ZRC's delivered.

The term of the proposed agreement is 10 years, which will begin on the start date of the CPA (the first calendar day of the next MISO season within a MISO Planning year, that starts after commercial operation (COD) has been achieved. Presently, COD is expected to take place between June 1, 2025, and September 1, 2026.

At the January 11, 2023 meeting of the MPPA Board of Commissioners (BOC), approval of the CPA was received via Resolution by the MPPA's Board of Commissioners in an open meeting, contingent upon receiving sufficient member participant authorization by February 28, 2023.

23.014 MPPA Battery Energy Storage Systems Capacity Purchase & Sale Agreement

Motion was made by Commissioner Cooney and seconded by Commissioner Walters to authorize BPW Staff to participate in the MPPA Battery Energy Storage Systems (BESS) Capacity Purchase & Sale Agreement (CPA) for up to a 16.0% share (4.0 MW), in accordance with the parameters presented and to approve the Resolution authorizing participation in the MPPA BESS CPA, authorizing the BPW General Manager as the “Member Authorized Representative” under the MPPA Energy Services Project Agreement subject to sufficient MPPA member participation to proceed and approval by the Zeeland City Council. Motion carried. All voting aye.

Mulder explained the generating units installed at the BPW’s Power Plant Facility (347 E. Washington Ave.) are operated in accordance with air quality and emission requirements of a Renewable Operating Permit (ROP). Under the conditions of that permit, compliance of the catalyst systems with NESHAP subpart ZZZZ for Reciprocating Internal Combustion Engines (RICE) must regularly be verified. Due to the class, size, location, and fact that they are used for “limited use” but non-emergency purposes, performance compliance (CO reduction) must be verified on all seven engines every 8,760 operating hours, or 5 years. Due to the nature of this equipment and conditions of the ROP, staff has historically contracted this service to a local environmental testing and compliance firm, Network Environmental Inc. of Grand Rapids, MI. Testing of these units was last performed in August of 2018, and originally in September of 2013 following installation of the catalyst assemblies.

The BPW’s Riley and West Washington Generation facilities both operate under a different type of permit, referred to as a Permit To Install (PTI). Those PTI’s were issued with a restriction in hours of operation for each engine, to keep those facilities below the thresholds required for an ROP. Due to the class, size, location, and “limited use” but non-emergency purposes, these seven engines must also satisfy the requirements of NEHSAP for RICE subpart ZZZZ, although the requirements differ. Performance compliance must be verified annually and is performed by BPW staff using rental equipment configured for those engine operating parameters. Although self-testing of these units satisfies the permit, the BPW has historically contracted Network Environmental Inc. to test these units every 5 years in conjunction with the Power Plant compliance testing, to provide a high level of confidence and a certified test report. Independent testing of these engine catalysts was last performed in September of 2018, and originally in October of 2013 and January of 2014 following installation of the catalyst assemblies.

Based on their experience with the BPW’s generating units and working relationship with EGLE, a quote from Network Environmental Inc. was requested with a tentative testing date of August 2023.

Power Plant Generation Facility:	\$15,750.00
Riley Street & West Washington Facilities:	<u>\$15,750.00</u>
Total:	\$31,500.00

23.015 Generating Units Catalyst Performance Testing

Motion was made by Commissioner Cooney and seconded by Commissioner Walters to approve a professional services contract totaling \$31,500.00 be sole sourced to Network Environmental Inc. of Grand Rapids, MI to perform catalyst testing at all three BPW Generation facilities to verify compliance with NESHAP for RICE, subpart ZZZZ which includes elective testing at the BPW’s Riley and West Washington Generation Facilities to independently confirm the annual self-test data performed by staff. Motion carried. All voting aye.

Mulder reported that as part of a comprehensive preventative maintenance program, generators should periodically be cleaned to remove dust and debris that accumulate over time in the rotor and stator assemblies. This improves cooling of the windings, resulting in improved reliability and extended operating life of the generator. Based on new technologies and techniques, the use of dry ice to perform this service is now an available and proven method, the benefits of which include:

- Non-abrasive, non-flammable, and non-conductive process

- No solvents or grit media are used, which can result in residual contaminants
- Ability to control the intensity and level of aggressive cleaning, as/where necessary

The process of preparing and cleaning the unit includes baseline electrical testing, followed by general disassembly and separation of the stator and rotor assemblies. A temporary enclosure will be constructed to contain debris removed during the cleaning process. Upon completion, a glyptal insulating coating is applied to the windings, followed by electrical testing, adjustment of the generator air gap, reassembly, and other verifications before the unit is returned to service.

In April of 2021, this process was successfully performed on Unit 9, followed by Unit 11 in early 2022. Based on these positive experiences, staff allocated funding in the FY2023 Operations and Maintenance budget for Unit 10. Due to the annual hours of operation of each unit, staff feels that this will likely be the last unit to receive this service for some time.

Although discussions have taken place with multiple vendors, staff again recommends sole-sourcing this service to Wheeler World Inc. of Gambier, Ohio. For many years, Wheeler World Inc. has been the BPW's preferred vendor to support its three Cooper Bessemer units (Units 9-11), and recently performed this service on Units 9 & 11. Accordingly, staff is confident in their ability to effectively complete this work. For several reasons, the cost to perform this service has increased significantly over the past few years from \$21,100 in 2021, to \$33,518 in 2022, to an estimated \$47,470 in 2023. However, for the reasons outlined above, staff recommends proceeding as planned knowing that this service will likely not be performed again on these units for many years based on the forecasted annual hours of operation.

If approved, staff intends to schedule this in conjunction with the planned annual inspection services performed by Wheeler World Inc. on Units 9-11, to reduce overall travel and lodging costs.

23.016 Washington Avenue Unit 10 Generator Cleaning

Motion was made by Commissioner Cooney and seconded by Commissioner Walters to approve a not-to-exceed \$47,470.00 professional services contract be awarded to Wheeler World Inc. to perform generator cleaning and testing on Unit 10. Motion carried. All voting aye.

Accounting, Finance & Customer Service Update

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

Other Business

FY2024 Budget Timeline:

The budget milestone timeline was included in the Board Packet. Boatright asked the Board to take note of the Special Board of Commissioner meeting scheduled for Tuesday, February 21, 2023 with a tentative start time of 3:30 p.m.

Department Updates:

Awards Recognition

In pursuit of the 2022-2027 BPW Strategic Plan Key Priority “to create a culture that values and empowers its employees”, staff has submitted both Chris Pillsbury, GIS Technician, and Bob Mulder, Power Supply and Market Operations Manager, into nomination for prestigious utility awards recognition. We should hear the outcomes of these nominations within the next 2-4 months.

Chris Pillsbury – American Water Works Association Young Professional of the Year Award. The Michigan Section of AWWA Young Professional of the Year Award recognizes the contributions of young members, whose service and

achievements are exceptional for their years of experience. The award is given annually to one member of the organization that has demonstrated an active commitment to the organization and the profession as a whole.

Bob Mulder – American Public Power Association Mark Crisson Leadership and Managerial Excellence Award. This award recognizes managers at any level of a public power utility, joint action agency, or state or regional association, who raise their organizations to new levels of excellence, lead by example, and inspire their employees to improve processes, services, and operations. This award will be presented at the APPA National Conference in June in Seattle, Washington.

In addition, Mike Levandoski has submitted the Zeeland BPW Water Utility into nomination for the Michigan Rural Water Association Water Utility of the Year Award. This award will be presented in March at the Annual Conference Banquet.

Please keep your collective fingers crossed that Chris, Bob, and the Water Utility are selected for these awards. Regardless of the outcomes, we are blessed to have these amazing people on our team and this, in and of itself, is cause for celebration.

MI-AWWA Webinar Presented by Mike Levandoski

Mike Levandoski, Water Operations Manager, will be presenting a webinar for the Michigan Section of the American Water Works Association on Utilizing GIS for Galvanized Service Lines, DSMI, and Residential Cross Connections. This webinar will be held on Thursday, February 16, 2023 at 10:00 a.m. This is a fabulous tribute to Mike who is considered a valued industry resource for many reasons, and in this case, mastering the use of GIS and the development of efficient and customer-friendly processes to comply with stringent government-mandated drinking water requirements. This exposure is not only great for Mike, but also for the Zeeland BPW. Please congratulate Mike on his leadership in the Water Utility industry.

Vertellus Emergency Planning Table-Top Exercise

T&D Manager Brian Coots, Power Supply Manager Bob Mulder, and I were invited to an emergency planning table-top exercise on Tuesday, February 7, 2023. This was the first ever such event for Vertellus and the emergency scenario involved the release of a large quantity of a very toxic and combustible material with a plume moving in the direction of the Zeeland Generating Facility. The event was attended by several local and corporate Vertellus staff members as well as Zeeland and Ottawa County emergency response personnel. Representatives from the State of Michigan EGLE were also in attendance. The three of us came away with positive feelings about a strengthened commitment on the part of Vertellus to prioritize safety at their site with concrete statements about increases in staffing devoted to safety and risk management, as well as increased capital investment in site-wide safety enhancements. Vertellus further indicated a desire to establish a regular cadence for future emergency planning exercises.

Electric Rate Revisions and Line Extension Policy for City Council Consideration:

Boatright explained that staff has engaged Utility Financial Solutions (UFS) to perform an Electric Utility Cost-of-Service Study update, to review and revise the electric fees and charges schedule, to develop a new line extension policy, and to design certain new non-traditional electric rates. UFS principal Mark Beauchamp recently met virtually with the Board of Commissioners to share findings and recommendations regarding these items.

Electric Cost-of-Service Study Recommendations

UFS recommends a base rate revision of 1.5 percent per year for three years based on anticipated increases in operating and capital expenditures. Increases are partially a function of increased supplies and materials costs. Additionally, anticipated near-term capital expenditures substantially influence upward pressure on rates – namely, the investment in additional generation capacity. Staff is recommending holding-off on the implementation of the recommended three-year rate increase of 1.5 percent per year at this time to evaluate alternatives for mitigating or eliminating the need for rate increases. Staff's action item regarding this matter is to a) await findings and recommendations from a Generation Engineering Study slated to begin prior to the

close of this fiscal year with a targeted completion in the third or fourth quarter 2023, and b) determine the minimum target cash reserves level in the utility’s insurance pool, the Michigan Professional Insurance Authority (MPIA), with an eye toward utilizing a portion of these reserves to fund the aforementioned additional generating capacity.

Electric Fees and Charges / Line Extension Policy

UFS recommends implementing changes to our Electric Line Extension Policy for the purpose of establishing a maximum level of utility investment in the event that upgrades, construction, or extension of facilities are required to provide service to new load connecting to our system. This new policy provides a consistent and fair method of calculating the maximum expense that the utility would incur for system upgrades and modifications necessary to serve new load, and the amount of investment required from the proposed customer (“In-Aid-To-Construction” contribution) in the event the cost to extend facilities exceeds the utility’s maximum investment. As part of this effort, staff also desires to revise the per foot amounts in the Electric service fees and charges schedule to reflect current labor and materials costs. The Electric Fees and Charges are codified in the City of Zeeland code; thus, enacting the fees and charges revisions requires approval of an Ordinance. The Line Extension Policy is enacted by approval of a Resolution. Staff requests Commissioner approval to recommend both the Electric Service Fees and Charges Ordinance (Ord. 1018) and the Line Extension Policy Resolution for consideration by Zeeland City Council.

New (Non-Traditional) Electric Rates

A Key Priority listed in the 2022-2027 Zeeland BPW Strategic Plan is to “be responsive to community needs and expectations and be a catalyst to service improvements and offerings.” An action item under this Key Priority is “To implement alternative retail rate structures that facilitate environmental sustainability, management of electric and water services and costs, and economic development.” Staff has asked UFS to design new, non-traditional, electric rates which endeavor to, at least partially, fulfil this action item. The following rate structures are recommended for approval:

- **Commercial EV Charging Station Rate (Rate EVC):** This rate would be available to customers desiring to install a network of separately metered EV Charging Stations. That is to say, the customer desiring to install parking area EV Charging stations would not be required to serve the EV Chargers via their own electric service entrance equipment. Instead, the utility would provide a separately metered dedicated service for connection of the customer’s network of EV Chargers. The Commercial EV Charging Station Rate is designed based on a cost-of-service model indicative of EV Charging usage patterns.
- **Economic Development Rate (Rate ED):** This rate schedule is applicable to new or expanding commercial or industrial customers with a new load of 250 kW or greater and with an annual load factor of 50% or higher. Service under this schedule is limited to a total aggregated load of 15 MW. This rate provides a five-year discount schedule as indicated in the following table on charges for the added energy and demand (excluding the Energy Cost Adjustment):

<u>Description</u>	<u>General Secondary (C)</u>	<u>C&I Primary (D)</u>
Year 1	17.8%	13.1%
Year 2	14.2%	10.4%
Year 3	10.6%	7.7%
Year 4	7.0%	5.0%
Year 5	3.4%	2.3%

- Standby Rate (Rate SB) and accompanying Supplemental Power (Rate SP) and Maintenance Power Rates / Unscheduled Outages Rate (Rate MP): These rate structures are available for use by qualifying small power production facilities and qualifying cogeneration facilities certified as Qualifying Facilities under the Public Utility Regulatory Policies Act of 1978 (PURPA). In other words, these rates would apply in the event that a customer wishes to install and operate their own on-site generation. The Standby Rate (Rate SB) establishes the Demand Charge for a customer who generates their own power. The Supplemental Power (Rate SP) rate provides for the effective rates in event that the generating customer's generation does not, on a regular basis, provide all power requirements of the customer's facility. The Maintenance Power/Unscheduled Outages Rate (Rate MP) provides the applicable rate in the event the generating customer's generation experiences outages or derates for maintenance or other services. The Zeeland BPW does not currently serve any customers who have customer-owned generation.
- Large Industrial Time Of Use Rate (Rate LI-TOU): This rate is available to any customer desiring primary voltage time of use service for commercial or industrial use where the billing demand is 5,000 kW or more. The rate provides for on- and off-peak pricing for both Non-Summer and Summer months and is designed to be effectively cost neutral for the large industrial customers who would be eligible for this rate. The idea being to provide a smooth transition from traditional rates structures, thereby allowing time for the customer to adapt their operations to optimize usage to achieve off-peak savings.

The listed non-traditional rate structures must be enacted by Ordinance. Staff requests Commissioner approval to recommend the new, non-traditional rates Ordinance (Ord. 1019) for consideration by Zeeland City Council.

23.017 Electric Fees and Charges/Line Extension Policy/ New Electric Rates

Motion was made by Commissioner Cooney and seconded by Commissioner Walters to approve the recommendation to have City Council approve Ordinance 1018 (Electric Service Fees and Charges), Ordinance 1019 (new, non-traditional rates) and the Resolution for the BPW Electric Line Extension Policy. Motion carried. All voting aye.

Upcoming Events

- **Next Regular ZBPW Board Meeting, Tuesday, March 14, 2023, 3:30 p.m., Water Warehouse Meeting Space.**
- **Special ZBPW Board to Review Preliminary FY2024 Budget, Tuesday, February 21, 2022, 3:30 p.m., Water Warehouse Meeting Space, 330 E. Washington Ave., Zeeland**
- APPA Legislative Rally, February 27 - March 1, 2023, Washington, DC
- **MPPA Stakeholders Meeting, Thursday, May 18, 2023, Frederik Meijer Gardens, Grand Rapids**

Motion was made and supported that the regular meeting be adjourned at 6:15 p.m. Motion carried. All voting aye.

Pamela Holmes, City Clerk