

Regular Meeting  
Board of Public Works  
Water Warehouse  
June 21, 2022

The regular meeting of the Board of Public Works Commission was held at the BPW Water Warehouse, 330 E. Washington, Tuesday, June 21, 2022. Chairperson Boerman called the meeting to order at 3:30 p.m.

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

ABSENT: Commissioners – None

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

Guests Present: Customer Relationship Specialist Lezlyn Villa, Utility Financial Solutions Consultant Mark Beauchamp

Motion was made by Commissioner Cooney and seconded by Commissioner Dykstra to approve the minutes of the May 10, 2022 Regular Meeting. Motion carried. All voting aye.

***Public Comment***

No public comment given.

***Safety Minute***

The Safety Minute this month was in regards to preventing heat illness at work.

***Introduction of New Employee – Lezlyn Villa***

Boatright introduced the newest full-time staffing addition, Lezlyn (pronounced lez-lynn) Villa (pronounced vee-ya), who began on May 23, 2022 in the role of Customer Relationship Specialist. Lezlyn previously served as a Customer Service Specialist with AAC Credit Union in Zeeland. She is a first-generation Mexican-American born and raised in Holland. Spanish is her first language, but she quickly adapted and learned English while in elementary school. She graduated from Holland High School in 2019 and attended Lake Michigan College with a focus on Business Administration.

***Electric Financial Projection and Cost of Service Study***

Mark Beauchamp, President, Utility Financial Solutions, was in attendance to present the Electric Cost of Service study results which included the five-year financial projection and targets, a review of the cost of service results and a review of rate design samples. Staff seeks Commissioner input which will inform our process for formal action to be taken at (a) future meeting(s). There are a number of rate initiatives that will be borne out of this study including line extension policy updates and new rate structure options including EV charging, time-of-use, economic development, standby, and interruptible. No formal action is being requested of the Commissioners at this meeting.

***Financial Reports***

Chrisman gave an update on the Electric Department and Water Department's revenues, expenditures and assets.

22.046 Approve Cash Disbursements and Regular Monthly Transfers

Motion was made by Commissioner Query and seconded by Commissioner Dykstra to approve the April, 2022, cash disbursements and the regular monthly transfers for the month of April, 2022 as follows:

	<b>Electric</b>	<b>Water</b>
Cash and Investments as of: April 30, 2022		
Receiving	\$1,366,282	\$705,842
Accumulated Debt Service (in Receiving Fund)	-	-
Plant Improvements and Contingencies	\$22,220,395	\$13,385,209
Bond and Interest Payment Reserve*	-	-
Totals	\$23,586,677	\$14,091,050

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

Recommended Transfers for the Month: April, 2022

	<b>Electric</b>	<b>Water</b>
Receiving	(42,309)	(313,500)
Accumulated Debt Service	-	-
Plant Improvements and Contingency	-	313,500
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 and annual reports.

Levandoski explained the Zeeland Board of Public Works Board of Commissioners approved on March 8, 2022 the Professional Engineering Services of Prein & Newhof to develop a Galvanized Service Line Replacement bid packet for three (3) project areas throughout the ZBPW Water Distribution System service area. The Zeeland Board of Public works Board of Commissioners awarded on May 10, 2022 Project #1 of the Galvanized Service Replacement Plan (GSLRP) to VanDerKolk Plumbing in the amount of \$201,190. The first project area includes replacing forty-eight (48) galvanized service lines (GSL) located on E. Central.

VanDerKolk Plumbing was the only contractor who submitted a bid for the GSLR Project #1. With VanDerKolk Plumbing being the only bidder submitting a bid brought discussions of possibly eliminating the bid process for project #2 and #3 if VanDerKolk Plumbing would be interested in the additional eighty-four (84) GSLRs at the same itemized bid amount as project #1 with the removal of the \$10,000 mobilization fee for each additional project. (Savings of \$20,000)

A Capital Budget for this project was established in fiscal years 2020 (\$75,000.00), 2021 (\$100,000.00), 2022 (\$100,000.00), and 2023 (\$630,000.00) for a total of \$950,000.00. Current expenses allocated to this project as of 6/12/2022 are \$349,011.37.

22.047                    Change Order: 84 Additional Galvanized Water Service Replacements

Motion was made by Commissioner Walters and seconded by Commissioner Query to approve change order #1 for an additional 84 GSLR to VanDerKolk Plumbing in the amount of \$307,200.00. Motion carried. All voting aye.

Levandoski explained On May 17, Water Department personnel were performing quarterly pump station maintenance checks on pump #2 and pump #4 located at Washington Pump Station. Pump #2 and pump #4 are two smaller (1600 gpm) pumps that are utilized during extreme high-water demands, very low water demands, and as redundancy for the two larger pumps (4400 gpm) located at Washington Pump Station.

During the quarterly inspection process the two smaller pumps were operated and quickly determined something was wrong with not only pump #2 but also pump #4. Kennedy Industries was contacted immediately and within a few hours came on-site to help evaluate and determine what the issues could be with both pumps. Kennedy industries quickly identified that both pumps inexplicably had the “clutch” and adjusting nut that holds the pumps shaft and impellers at very specific tolerances somehow misaligned. The clutch has machine pins that recess into the top of the motor which were worn down and no longer able to recess into the pump collar which holds the shaft and impellers to specific tolerances.

Immediately Kennedy Industries contacted Franklin Holwerda Company (FHC) to help facilitate the removal and repair of both pumps and motors. On May 20, 2022 FHC removed both pumps and expediated delivery to Kennedy Industries for immediate repair. On June 3, 2022 pump #4 was repaired, tested and reinstalled. Kennedy Industries still has pump #2 and awaiting approval from ZBPW to proceed with repairing pump #2.

Kennedy Industries has provided two quotes for repairing pump #2 and pump #4. One quote is for labor in the amount of \$9,980. The second quote is for material in the amount of \$7,985 for a total amount of \$17,965 for Kennedy Industries to repair both pumps. FHC provided an estimate for removal, electrical, transport, and reinstall for a total amount of \$10,625 for both pumps. Total project repair cost in the amount of \$28,590. All items listed are included in the FY2022 O&M Budget.

22.048                    Bid Recommendation: Two Emergency Pump Repairs, Washington Pump Station

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to approve Kennedy Industries Labor and Material to repair Pump #2 and Pump #4 in the amount of \$17,965.00 and approve Franklin Holwerda Company to remove and install Pump #2 and Pump #4 in the amount of \$28,590.00. Motion carried. All voting aye.

Levandoski reported the 12” watermain on E. Garfield Ave (N. Centennial approx. 800’ east to 16” watermain) was installed in 1985. The water Department has experienced two watermain breaks the last few months. The first on 11/15/2021 and the second on 12/13/2021. After evaluation, it has been determined that these watermain breaks were caused by these factors:

- The watermain was not installed with sand bedding and backfill, but instead with very abrasive material such as bricks, rocks, and other aggressive soils.

- The watermain was not polywrapped when it was installed. Polywrapping ductile iron watermain can extend the life of the watermain up to 30-40 years. Polywrapping provides a cost-effective barrier between aggressive soils, corrosion, stray current, and provides overall protection for the ductile iron watermain.

Four (4) bids were received on Wednesday, June 8, 2022, for the Garfield Avenue Watermain Replacement Project. All bids were reviewed and checked for accuracy. Kamminga & Roodvoets (K&R) submitted the low bid for the project in the total amount of \$500,000. The total bid project costs do include a six percent (6%) City of Zeeland Streets Department cost of \$28,533.88, which the City of Zeeland will fund. This cost is for the portion of the street on the east end of Garfield Avenue that currently is not paved. The engineer's estimate was \$293,150.00. The bid amount from K&R for ZBPW Water is \$377,430.40. Additional costs that need to be included in the project are Design Engineering (\$18,330.00), Construction Engineering and Inspections (\$40,420.00) and project contingency (\$35,285.72), for a total bid award amount of \$471,466.12. Project Engineering Consultant Moore & Bruggink spoke with a representative from Kamminga & Roodvoets and confirmed their commitment to the project. Due to the availability of water main and related items, they do not anticipate starting construction until spring 2023. If materials become available, they may start the project earlier and will provide advance notice to the BPW and City.

A budget for this project was established in fiscal year 2022 (\$293,150.00) based on an engineer's estimate provided by Moore & Bruggink January 17, 2022. Bids submitted came in higher than anticipated in the amount of \$471,466.12. Therefore, a budget amendment will be necessary in the amount of \$178,316.12 for the FY2022 Capital Budget.

#### 22.049 Garfield Avenue Watermain Replacement Project Bid Award

Motion was made by Commissioner Query and seconded by Commissioner Cooney to award the Garfield Avenue Watermain Replacement Project to Kamminga & Roodvoets in the amount of \$471,466.12 subject to City Council approval and to approve a FY2022 Capital Budget Amendment of \$178,316.12, which is to be added to the current FY2022 Capital Budget amount of \$293,150.00, for a total FY2022 budget of \$471,466.12. Motion carried. All voting aye.

Levandoski explained the Sensus Water AMI solution communications infrastructure that was recommended and ultimately approved by ZBPW Board of Commissioners in August 2021 has been substantially installed. In order to fully exercise the system from remote meter reads to generation of water utility bills, a software integration is needed between the Sensus solution and the NorthStar (NS) utility billing system. The integration allows the daily/monthly import and export of water usage reads between Sensus Analytics and NS.

When ZBPW Board of Commissioners approved the purchase of the Water AMI solution, staff included costs for integration between NS and Sensus Analytics in the approximate amount of \$26,000. This was in the form of a 10 percent contingency. We have received a proposal from North Star for the aforementioned integration totaling \$14,042. North Star has indicated that they can devote resources to this work as soon as June 20, 2022.

An interface is needed for the AMI Pilot Program with Sensus using Sensus Analytics Software. We require the setup of a secondary export file translation to all the AMI data to be transferred to NorthStar via a flat file. Northstar will be creating this interface, testing it and supporting us as we

go live with this new data. NorthStar is our existing billing program provider therefore we can only sole source this interface programming to them.

#### 22.050 Water AMI NorthStar Interface Integration Professional Services Recommendation

Motion was made by Commissioner Cooney and seconded by Commissioner Query to award NorthStar Utilities Solutions to create the interface program for our new Sensus AMI Pilot Program in the amount of \$14,042.00. Motion carried. All voting aye.

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

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

DeKraker explained the Northside Substation was approved in order to serve large incoming customer load with the request of providing dedicated main and backup circuits. This facility requires three dedicated feeds and ideally two backup distribution circuits by 2035. Facility completion is estimated to be in 2023, loading at this time will comprise mostly general facility non-production load such as lighting and HVAC. However, additional production lines being added yearly until 2035 will dramatically increase load at this facility.

NRC3 loading ramping up along with various other load additions on neighboring circuits over this time period are the driving factors for building the Northside Substation. Along with primary distribution circuits, dedicated backup circuits have been requested by the customer to eliminate potential product loss and down time. Northside Substation will be constructed to meet the needs of our customers loading and give additional options to switch load on our system to serve all of our customers more reliability.

Due to longer lead times on all equipment and customer construction progress of this facility, we believe this transformer needs to be ordered now. Similar transformers we have purchased have been quoted with nearly three-year lead times. This transformer purchase now will allow for planning and construction of the Northside Substation to meet our customer needs with a target date of 2026.

Three bids were received with Prolec (General Electric) being the low bid.

#### 22.051 Northside Substation Transformer Purchase

Motion was made by Commissioner Query and seconded by Commissioner Cooney to award the purchase of Northside Substation Transformer to General Electric for a total price of 1,069,540.00. Motion carried. All voting aye.

DeKraker reported installation of Riley Substation Driveway Expansion was not included in the FY2022 Budget as part of the allotted \$1,485,000. However, this additional work is needed to complete the Riley T4 project. Included in this memorandum is a budget amendment request to increase the budget by \$320,000 to a total of \$1,805,000 to account for this driveway expansion, cost increases and contingencies.

DeKraker explained a second 138/69kV 83.3 MVA transformer was purchased to increase capacity and redundancy on the transmission system in the event of a contingency. Riley Substation

previously had a second 83.3 MVA transformer, but this was moved to Fairview Substation to support the transmission line changes from Wolverine Power. During transport of the transformer to Fairview, size and profile of the driveway approach was not suitable for maneuvering this equipment. In response, this project is to widen and re-surface the approach to accommodate the size of the new transformer purchased for Riley T4. This expansion will give added security and safety for arrival and installation of the new transformer. Four bids were received and Site Work Solutions was the low bid in the amount of \$57,630.00

#### 22.052 Budget Amendment – Riley Substation Driveway Expansion

Motion was made by Commissioner Dykstra and seconded by Commissioner Query to approve a budget amendment increase in the amount of \$320,000.00 to a total of \$1,805,000.00 for the Riley T4 Project and to award the Riley Substation Driveway Expansion to Site Work Solutions for a total price of \$57,630.00. Motion carried. All voting aye.

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

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

Mulder explained the Power Plant Control Room was designed and constructed in 1989, and has received minimal updates since that time. Although numerous new technologies have been incorporated over the years ranging from IT and SCADA upgrades to physical security, the space has remained relatively unchanged. Consequently, the need to update and improve this critical space to better utilize it, modernize the facilities, and further updated the technologies used by operations was identified by BPW staff, and funding allocated as part of the FY2019-FY2021 capital improvement plan budget.

This project began in earnest in mid-2019 when bids were requested from three (3) architecture and engineering (A&E) firms, and subsequently awarded to GMB. By January of 2020, preliminary design drawings had been developed, and were undergoing final review by staff. The onset of the COVID-19 pandemic in early 2020 resulted in the BPW's facility needs being reprioritized, causing the project to be temporarily placed on hold. During 2021, work on the project resumed, however changes in operations and staffing needs identified during the pandemic and improvements to other facilities caused certain aspects of the project to be reevaluated. Program needs and details of the design were reconsidered and changes made to best meet the needs of staff both in the present and foreseeable future.

In March, BPW staff and GMB engineers finalized design and drawing revisions, and began preparing specifications and contract documents to competitively bid the project. Bids were requested from a short-list of general contractors in May, and although interest expressed by bidders was strong, only two (2) of the six (6) contractors submitted bids – Lakewood Construction and Mugan Construction.

A review of the bids and a post-bid interview with the low-bidder were performed by GMB and BPW staff to confirm the bids were comparable, and met specification. Both bids noted similar clarifications related to the specified sound-rated doors; alternate options are being investigated by the GMB. Based on the bids being comparable, staff recommends the project be awarded to

the low-bidder, Lakewood Construction, and that alternate options for the specified sound-rated doors be explored to determine the best solution and a potential reduction in cost, which GMB is pursuing. It should be noted that the bids align with the budgetary estimate of \$157,067.00 provided by GMB in early 2020, prior to substantial increases in both material and labor costs. The bid scope did not include office furniture, appliances, IT equipment upgrades, or professional services for GMB's A&E services already under contract. West Michigan Office Interiors (WMOI) was contacted to design and source the office furniture, and staff included an allowance for appliances and IT equipment upgrades. The table below provides a comprehensive budget for the project:

**Project Budget: Power Plant Control Room Remodel**

<b>Description</b>	<b>Vendor</b>	<b>Proposal</b>
Architecture & Engineering Design Services	GMB A&E	\$30,000.00 NTE
Construction Services: Labor, Material, & Supervision	Lakewood Construction	\$146,300.00
Office Furniture: Work surfaces, cabinets, tables/chairs, etc.	West Mich. Office Interiors	\$10,688.00
Office Furniture: Chairs	West Mich. Office Interiors	\$2,064.00
Technology: Computer Equipment, Security Monitors, etc.	Various	\$12,000.00
Appliances and Misc. Furnishings	Various	\$5,000.00
	Sub-Total:	\$206,052.00
	Contingency:	\$3,948.00
	<b>Total:</b>	<b>\$210,000.00</b>

22.053 Bid Recommendation – Power Plant Control Room Remodel

Motion was made by Commissioner Query and seconded by Commissioner Dykstra to award a contract in the amount not to exceed \$146,300.00 to Lakewood Construction and a contract in the amount of \$12,752.00 to West Michigan Office Interiors for the Power Plant Control Room and approve a budget amendment in the amount of \$20,000.00 and that the total project funding of \$210,000.00 be moved forward to FY2023. Motion carried. All voting aye.

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

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

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

At the February meeting of the BPW Board, energy purchase transactions for calendar years 2024 – 2026 were recommended and subsequently approved to comply with the BPW’s hedge plan requirements. Transactions for calendar years 2025 – 2026 were subsequently executed. With upward pressure on near-term power prices, bids received for calendar year 2024 transactions exceeded the maximum approved not-to-exceed cost of \$3,601,808.48 (\$48.73/MWh average). Accordingly, MPPA Power Supply staff revised their recommendation to reflect near-term market pricing and have provided an updated recommendation for 2024 to address open positions and mitigate risk.

The total, not-to-exceed cost associated with the recommended volumes at the maximum stated strike prices is \$3,913,732.80 (\$59.27/MWh average). These transaction(s) will be for financially-firm energy with physical delivery to the MISO Michigan Hub in the day ahead market.

#### 22.054 MPPA Bilateral Energy Purchase 2024

Motion was made by Commissioner Query and seconded by Commissioner Cooney to approve the revised BPW Energy Risk Management Policy Statement, which ratifies the revised MPPA Power Supply Risk Management Policy and approve the General Manager to sign and return the Member Power Supply Portfolio Risk Management Election Form as presented which includes acceptance of the Renewable Energy Management Services. Motion carried. All voting aye.

#### ***Finance, Accounting and Customer Service***

Manager Chrisman updated the Board on current operations status, activities, projects and Customer Service Utility Billing Metrics. In the Spring of 2021, Utility Financial Solutions, Inc. (UFS) was retained by Zeeland BPW to perform a review of water connection fees. The objective of this study was to establish fee structures that can be justified through the “equity method” cost-of-service analyses thereby ensuring rates and fees sufficiently cover operating expenses as well as future renewals and replacement capital expenses. UFS provided further guidance as follows:

*The equity method is one standard methodology according to AWWA. The reasons for a connection fee study are to help ensure:*

- 1. There is a formal methodology documented on how the connection fee is calculated - connection fees are increasingly being challenged in Michigan.*
- 2. There is a consistent fee by meter size connection – the meter is what restricts the max flow; and basing charges on meter size helps ensure consistency between customers.*
- 3. There is simplicity on the amount of fees customers are charged at connection – many utilities can have multiple charges and it is not easily identifiable what the charges are for and avoid cross subsidization (in other words, giving credence to the likelihood of cross-subsidization).*

On July 16, 2021 Board Members approved to eliminate the Front Foot, Trunkage, and Tap charges and instead assess a per-meter connection fee. Under this fee structure, charges correlate more closely to the ultimate volume of water to be consumed at the site using meter size as the basis, as



opposed to parcel size. This year, staff was able to utilize the equity method calculations provided by UFS in 2021 to update connection fees relevant to fiscal system changes.

Staff recommends an update of the two (2) fee schedules – one for service to a single dwelling to be served from existing water main, the other for service to a subdivision or development where the water main is to be supplied and installed by the developer based on System Equity Costs.

The proposed fee structure was included in the Board Packet and is defensible, easy to administer, and reflective of the actual costs to provide water service. Our fees compare favorably in Ottawa County. Since the water connection fees are codified in the Zeeland Code, approval of an ordinance (No. 1013) is necessary to enact the changes

#### 22.055 Water Connection Fee Revisions

Motion was made by Commissioner Dykstra and seconded by Commissioner Cooney to approve the proposed water connection fee structure as recommended in the connection fee cost of service study performed by Utility Financial Solutions. Contingent on Board of Commissioner approval, staff will request City Council consideration for adoption of Ordinance No. 1013 at their July 5, 2022 regular meeting with the anticipation that the new connection fees would become effective for bills rendered immediately after approval. Motion carried. All voting aye.

#### ***FY 2023 Community Grant Applications***

Four (4) grant applications were received in this year's Community Grant application cycle. The application period was opened on April 1 and closed on May 3, 2022. All applications appear to meet our grant eligibility requirements. The Applications were included in the Board Packet for the Commissioner's review.

#### 22.056 Award Community Grant Program Funding

Motion was made by Commissioner Walters and seconded by Commissioner Dykstra to direct staff to award the Community Grant Funding as follows: Zeeland Welcome Center - \$15,000.00 and Zeeland Christian School Sledding Hill Lighting - \$10,000.00. Motion carried. All voting aye.

#### ***Load Shed Plan Update***

As you may be aware, our grid operator MISO issued a press release on or around May 10, 2022 warning about potential capacity shortfalls that could occur this summer. We now find it necessary to react not only to ensure our public that we have a plan and are prepared, but also to prepare all stakeholders in the unlikely event we are called upon to curtail load.

The BPW Leadership Team and media consultant Tiffany Kraker have been working diligently over the last several days to develop a communication plan that details the process for potential load conservation and controlled load reductions that would be put into play when we are prompted by MISO accordingly. A new webpage (<https://zeelandbpw.com/prepare/>) has been published which is designed to provide information to the public to aid in preparing for to possibility of a load shed event. In addition to information which illustrates the three stages of load shed alerts, this webpage will serve as a means for customers to obtain real-time updates during an active load shed event. Although this communication piece is a critical component of our communication plan, there is still

considerable work to be done. In addition to the website update, staff has been conducting in-person meetings with key stakeholders and large industrial customers to advise of these developments, educate on how to be prepared, and to address, where possible, their concerns. These meetings are on-going. Furthermore, we are in-process of developing our internal response plan which defines essential staff roles and responsibilities during a load shed event.

Boatright included in the Board Packet copies of our press release issued in early June, the June 5, 2022 Holland Sentinel newspaper article, and our Load Shedding Emergency Preparedness & Response flyer which is available as a download on the “Prepare” web page. The flyer will also be made available in hardcopy form at our Customer Service Lobby, the Howard Miller Library, and other key locations throughout the City and Townships.

### ***MPPA Working Capital Account Update***

At MPPA’s February 2022 Board of Commissioner Meeting, MPPA executive staff discussed its Creditworthiness Strategic Objective. Among other issues addressed in that discussion, was the observation that the Working Capital Calculation language in Section 5 (a.) of the Energy Services Agreement (“ESA”) in the 2018 and later versions was different than the earlier versions (2009 vintage). The pre-2018 vintage ESA’s use a backward-looking calculation “maximum one month’s expense under the last calendar year” where the 2018 and later versions used a forward looking “expected maximum one month’s expenses under the upcoming fiscal year”.

Due to the extreme price levels and volatility in the wholesale energy markets, MPPA is requesting that for the remainder of 2022 all Member Participants of the Energy Services Project (of which ZBPW is a member) have their Working Capital calculation represent a forward-looking calculation. In addition, MPPA is asking that this calculation be reset based on current market conditions. For some members, this will mean an increase in the working capital requirement at MPPA. ZBPW is one of the lucky members subject to an increase.

When the MPPA Creditworthiness Objective is completed later this year, executive staff is recommending that we look at Working Capital holistically to consider other changes to ensure it is more visible, dynamic, and bilateral. To ensure that all its members are protected from unexpected events, MPPA must maintain adequate levels of financial capital. When the markets settle down, MPPA can recalculate the requirements and return excess working capital to members, something that they would like to codify in procedure for 2023 and beyond.

In accordance with that revision, MPPA is requiring an additional deposit in the amount of \$556,043 to be added to the ZBPW Working Capital account. This amount represents the estimated maximum one month’s expense for the remainder of the 2022 calendar year. This amount will be billed on the Energy Services monthly bill dated 06/10/2022 and due on 06/25/2022. There are no future deposits anticipated at this time as MPPA took a forward look through the end of the year in this calculation. Should the markets take another wild swing MPPA will reevaluate the need for additional deposits.

### ***Belle River NOx Allowance Update***

In April 2021, the EPA finalized its Revised Cross-State Air Pollution Rule (CSAPR) Update. The rule requires additional emissions reductions of nitrogen oxides (NOx) from power plants in twelve (12) states – Michigan is within this 12-state area. This means that the affected states must participate in a new CASPR NOx Ozone Season Group 3 Trading Program. This change translates into a severe reduction in value of any banked NOx credits attributable to the Belle River project (ZBPW is an off-taker from this project) which means substantially higher emissions costs going forward. The slide

deck included under this tab provides an overview of the impact to allowance pricing as a result of the rule change. No formal action is requested as of now. This is one of a few confounding issues, unfortunately-timed, that will create additional uplift in power supply costs.

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

For the past several years the board has approved the BPW “opting out” of assessing its customers the Low-Income Energy Assistance Funding Factor prescribed by the MPSC pursuant to PA 95. As a consequence of opting out, the BPW is not permitted to shut off any electric residential customer from November 1 through April 15 for nonpayment. It should be noted that historically, during this period, the majority of the 40 municipal electric systems in Michigan, have also opted out. Prior to PA 95, in a typical month, the BPW mails between 350 and 450 disconnect notices related to delinquent accounts. Following the disconnect notice and follow-up phone call, most customers pay, leaving about 25 customers monthly that need notified of payment delinquency via a yellow tag. A yellow tag indicates that the premise or account in question will be shut-off in 24 hours. Following the yellow tag notification, the BPW would disconnect between three and seven customers per month for non-payment.

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

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

22.057            Public Act 95 of 2013 – Low Income Energy Assistance Fund

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

***MPPA Gorman Scholarship Announcement***

The Janet and Richard Gorman Scholarship was established by Richard Gorman upon his retirement from the Michigan Public Power Agency. This scholarship is administered by MPPA and will award **\$2,500** to an eligible recipient in the Fall of 2022, to be used for the 2022-2023 academic year.

The Janet and Richard Gorman Scholarship is available to:

- 1) Children and/or legal wards of employees of a member of MPPA who is employed by the Council, Commission, or Board of Trustees having general management over the utility system of that MPPA member; and
  - 2) Children and/or legal wards of Michigan Public Power Agency employees.
- Scholarship recipients shall be enrolled in colleges, universities, junior colleges, or

community colleges located in Michigan. Preference will be given to students seeking degrees in engineering.

Deadline to apply is July 31, 2022.

*Upcoming Events*

- **Next Regular ZBPW Board Meeting, July 19, 2022, (RESCHEDULED 3:30 p.m., Water Warehouse Meeting Space**
- OAISD Careerline Tech Center, IChallengeU Students On-site, July 11-22, 2022, 8:30 a.m. to 3:00 p.m. daily, BPW Offices
- Michigan Electric Providers Conference, July 28-29, 2022, Shanty Creek Resort, Bellaire, MI

Motion was made and supported that the regular meeting be adjourned at 6:35 p.m. Motion carried. All voting aye.

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Pamela Holmes, City Clerk