

Regular Meeting
Board of Public Works
Water Warehouse
May 10, 2022

The regular meeting of the Board of Public Works Commission was held at the BPW Water Warehouse, 330 E. Washington, Tuesday, May 10, 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

Motion was made by Commissioner Cooney and seconded by Commissioner Query to approve the minutes of the April 12, 2022 Regular Meeting. Motion carried. All voting aye.

Public Comment

No public comment given.

Safety Minute

The Safety Minute this month was regarding insect sting allergies.

Annual Financial Report Year Ending June 30, 2021

Matt Sinnema, from Kiekover, Scholma & Shumaker, PC attended the meeting to present the Financial Report for year ending June 30, 2021 to the Board of Commissioners. It was a Clean Opinion and the finances are in good order.

Lakeshore Advantage 2021 Business Intelligence Report Presentation

Beth Blanton, Vice President of Engagement at Lakeshore Advantage, attended the meeting to present the 2021 Business Intelligence Report.

IT Server Infrastructure Replacement Purchase

Throughout 2020 and 2021, the City of Zeeland and Zeeland BPW were in discussions with Egltech, Inc. to replace the aging server and backup infrastructure. A decision was made not to implement any major upgrades or changes until additional Information Technology staff were hired. This delay would give new staff an opportunity to help determine the selection of equipment and course of implementation.

There are seven physical servers which need to be replaced. Five of those servers are dedicated to the production server environment. Two are dedicated to the backup infrastructure. These servers are all between five and nine years old.

In December of 2021, a Business Continuity Evaluation was conducted by Sentinel Technologies. The evaluation included a review of the current server and backup infrastructure. The evaluation noted a server environment “suffering from some much-needed update of the physical and logical infrastructure”. In addition, it was noted that the storage infrastructure had “fallen way behind the modern deployment standards”.

The evaluation recommended immediate replacement of physical production servers and the addition of a Storage Area Network (SAN) device to replace local server storage. It was also recommended that the environment be configured with software to centrally manage and control physical hosts and virtual servers.

Sentinel noted that no Disaster Recovery (DR) infrastructure existed. Infrastructure for DR is critical in the event production servers are destroyed or otherwise become non-functional. The evaluation recommended adding DR hardware including a server and SAN that may be used in the event of a disaster.

In March of 2021, The City of Zeeland published an RFP requesting bids to replace the aging infrastructure and four responses were received. The bids ranged in price from ~\$216,000 to ~\$428,000. It was determined that the lowest cost solution would meet the criteria set forth in the original proposal request. The proposal included hardware for production, disaster recovery and backup infrastructure as recommended by the Business Continuity Evaluation.

In response to the Business Continuity Evaluation recommendations and as a result of the aging server and backup hardware, it is recommended that Council and BPW Board move to replace the current server and backup infrastructure and award the project to Trace 3 with a set budget amount of \$223,385.00. \$35,523.08 of the project amount will be allocated to backup infrastructure replacement. The City of Zeeland and Zeeland BPW will share this cost 50%/50%. Zeeland BPW's 50% will be further shared between BPW Electric (75%) and BPW Water (25%).

This project was not included as part of the Fiscal Year 2021-2022 budget, and as part of this recommendation we are seeking a budget amendment for the BPW's portion of the project to increase the available budget in account 582-547-814.103 – Computer Services, Capital Outlay by \$13,321.15 and account 591-547-814.103 – Computer Services, Capital Outlay by \$4,440.39.

\$187,861.92 of the amount will be allocated to the server infrastructure replacement. This amount includes a 3% contingency. \$15,000.00 of the amount will be covered by existing Clean Water Treatment Plant (CWTP) capital allocated for Information Technology related projects. It will be used to replace a CWTP Dell PowerEdge T620 server which was purchase in May of 2013. The remaining costs (\$172,861.92) will be shared as follows: City of Zeeland and Zeeland BPW will share this cost 50%/50%.

Zeeland BPW's 50% will be further shared between BPW Electric (75%) and BPW Water (25%). \$150,000.00 in total for both the City and BPW was allocated for server infrastructure replacements in Fiscal Year 2021-2022. Because the project came in over budget, we are also seeking a budget amendment for the BPW's portion of the additional costs for this project. The proposed BPW budget amendment is an increase the available budget in account 582-547-814.103 – Computer Services, Capital Outlay by \$8,573.22 and account 591-547-814.103 – Computer Services, Capital Outlay by \$2,857.74

22.036 Server and Backup Infrastructure Replacement

Motion was made by Commissioner Cooney and seconded by Commissioner Walters to approve the purchase of IT Server Infrastructure from Trace 3 in the total amount of \$216,878.67, which will be cost-shared with the City of Zeeland subject to City Council approval, to approve a total project budget in the amount of \$223,385.00 which is to be allocated proportionately across multiple COZ/BPW departments and approve a budget amendment to the BPW FY 2022 IT Computer Services – Capital in the amount of \$8,573.22 to a total budget amount of \$158,573.22 (Acct. # 582-547-814.103) and in the amount of \$2,857.74 for a total budget amount of \$52,857.74 (Acct. # 591-547-814.103). Motion carried. All voting aye.

Financial Reports

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

22.037 Approve Cash Disbursements and Regular Monthly Transfers

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

Cash and Investments as of: March 31, 2022	Electric	Water
Receiving	\$1,654,201	\$518,162
Accumulated Debt Service (in Receiving Fund)	-	-
Plant Improvements and Contingencies	\$22,750,628	\$13,288,923
Bond and Interest Payment Reserve*	-	-
Totals	\$24,404,830	\$13,807,085

* Reserve required per electric and water revenue bond ordinances.

Recommended Transfers for the Month: March, 2022

	Electric	Water
Receiving	(42,309)	(125,800)
Accumulated Debt Service	-	-
Plant Improvements and Contingency	-	125,800
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 first project area includes replacing forty-eight (48) galvanized service lines (GSL) located on E. Central.

Five contractors were invited to bid and one qualified bidder submitted a bid on May 3, 2022 for \$201,190.00 or about \$4,200.00 per service for 48 service line replacements. The engineer's estimate was \$219,400.00. VanDerKolk Plumbing, LLC of Zeeland is the low responsible bidder and has successfully worked on numerous projects of similar scope in West Michigan including projects in the City of Zeeland.

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 4/29/2022 are \$342,109.70.

22.038 Bid Recommendation: 48 Galvanized Water Service Replacement Project #1

Motion was made by Commissioner Query and seconded by Commissioner Walters to award VanDerKolk Plumbing the Galvanized Water Service Replacement (GSLR) Project #1 for 48 GSLR on E. Central in the amount \$201,190.00. Motion carried. All voting aye.

Levandoski explained the 2020/2021 BPW office remodel and construction of offices in the Water Warehouse resolved the most immediate needs for staff, however further additions have been identified as a priority. With the approval of the Zeeland Board of Commissioners on January 11, 2022 to hire two additional Water Service workers, the Water Warehouse office space is in need of expansion to accommodate the additional personnel.

Lakewood Construction proposed providing the labor, material, and supervision for an addition to the existing office/mezzanine. This includes electrical, HVAC, stud framing/drywall, Tubelite storefront system, two solid surface windowsills, HM doors and frames, painting, flooring, mezzanine safety railing, and other miscellaneous items.

The expansion provides two additional work stations, which will provide space for a total of six work areas and one private office. The Water Department currently has three full-time service workers, one part-time service worker, and an additional full-time service worker to be hired in FY2023. The additional work stations provided by the expansion will provide one open work station for future growth and/or possible internal restructuring.

InterActive Studio, LLC provided a total not-to-exceed estimate of \$6,500.00 for Architecture & Engineering services, which includes \$2,000.00 for construction administration billed hourly as needed. Lakewood Construction proposed providing the labor, material, and supervision for the requested addition to the office /

mezzanine for an amount of \$90,162.00. West Michigan Office Interiors proposed \$4,673.00 for additional furniture and installation, with nearly all of the existing furniture being reused in the reconfiguration. Finally, staff has included an allowance of \$5,000.00 for potential landscaping changes and misc. expenses, and a project contingency of \$10,665.00. The total estimated project cost is \$117,000.00.

22.039 Bid Recommendation: Water Warehouse Office Addition General Contractor Services

Motion was made by Commissioner Cooney and seconded by Commissioner Query to award a contract totaling \$90,162.00 to Lakewood Construction to provide construction and general contracting services for the proposed expansions to the Water Warehouse offices and mezzanine with a total estimated project budget of \$117,000.00. InterActive Studio, LLC, will be working with Lakewood Construction to complete the project in a design/build manner and the costs associated with this proposed project will be allocated against the FY2023 Water Department Capital Improvement Plan budget which included a \$200,000.00 allowance for this project. Motion carried. All voting aye.

Transmission & Distribution

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

DeKraker reported they recently found a leak and some other concerns for our transformer that feeds our Generation Building and the Water Pump Station on the west end of town. We are currently working to repair the leak but have found further damage and feel the need to replace this transformer due to the criticality of this unit for us. We also want to have the transformer repaired thoroughly so that we can use it as a backup unit for us in the future as this isn't a typical size transformer that we stock. This was not planned for and thus a budget amendment is requested. We will need \$45,000.00 for purchasing the transformer, \$2,500.00 to repair the unit to be used this summer, \$10,000.00 for future repair on it and \$7,500.00 for internal labor and contingencies.

DeKraker explained the 7 single phase and 11 three phase pad mounted transformers are for upcoming new subdivision, new commercial & industrial customers, other construction coming in the summer/fall and inventory replacement. We also are purchasing one transformer to feed the Generation Building and the Water Pump Station on the west end of town because we have found a leak and are seeing signs of damage that concerns us for how critical this transformer is to us. Five bids were received and the low bidder was SETI. SETI is a new manufacturer for us. We learned of them from Holland BPW. They shipped a unit to Holland free of charge for them to see it and try it out. Holland has been extremely pleased with their units and haven't seen anything of concern for themselves. The delivery time and free shipping costs was a huge benefit for us. Current manufacturers aren't even keeping to the timelines that they have originally given to us. SETI also missed including the specification for a load break switch, they immediately replied very politely that it was their mistake and they would be included at no additional charge for us on all of our three phase units. Outstanding customer service with them to date.

22.040 FY2023 Budget Amendment & Bid Award for 7 Single-Phase and 11 Three-Phase Transformers

Motion was made by Commissioner Dykstra and seconded by Commissioner Query to approve adding \$65,000.00 to the FY2023 budget for the purchase of a new 2500 KVA transformer and the repair of the existing 2500 KVA transformer for our west-end generation and water service and award the purchase of 7 single-phase and 11 three-phase transformers to SETI in the amount of \$220,184.00. 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 Zeeland Board of Works (BPW) owns and operates 36MW of natural gas and dual-fuel diesel / natural gas fired generating units, located at three (3) facilities. Some time ago, staff identified the installation of flame and gas monitoring equipment at its generation facilities as a strategic improvement, and included funding in the capital improvement plan budgets for FY2022 and FY2023, with monitoring of remote facilities identified as a priority. Based on recent property loss assessment reviews with our insurance carrier and a tightening market, underwriters have placed increased emphasis on this in recent years, affirming the merits of these projects.

At the January 2021 meeting of the BPW Board, a proposal from Sargent & Lundy to provide a general review of the fire protection systems at the BPW's generation facilities was presented and subsequently approved. Those services were limited to a general review and recommendations, and discussions with our insurance underwriter rather than detailed engineering. The outcome of that project was a report which identified potential ways to reduce risk and potential loss through improved detection, as a result of improved response.

The BPW has contracted the services of Newkirk Electric Associates / Theka Engineering of Muskegon, MI at its generation facilities for more than a decade. Because of this longstanding relationship and experience with our equipment, staff reached out to Newkirk engineers regarding their experience in this area. Following an on-site facilities review and discussion of the primary objectives, staff is confident in Newkirk's ability to perform these services based on a thorough understanding of the equipment, and proven implementation in similar applications. Accordingly, staff requested a proposal for engineering services, with installation and detection equipment to follow as a subsequent project.

Newkirk's proposal provides a firm price for engineering services to develop a design package ready for bid, should BPW staff choose not to sole-source the entire project. Programming, start-up, and commissioning is included in the proposal based on the scope of work discussed.

If approved, a recommendation for the installation and material (Phase 2), will be brought to the Board for consideration once the design is complete and bids are received. Staff anticipates the total project cost will fall within the amount allocated in the FY2022 Capital Improvement Plant budget, \$75,000.00.

22.041 Remote Generation Facility Engineering Services for Flame, Natural Gas & Smoke Detection

Motion was made by Commissioner Dykstra and seconded by Commissioner Query to award a professional services contract totaling \$24,940.00 to Newkirk Electric/Theka Engineering for Phase 1 of this project, engineering services for flame, natural gas and smoke detection at its Riley Street and West Washington generation facilities and to request a contingency be included for changes in scope, for an anticipated budget of \$28,000.00. Motion carried. All voting aye.

Mulder reported the Zeeland Board of Public Works (BPW) has adopted an Energy Risk Management Policy Statement which ratifies the MPPA Power Supply Risk Management Policy (August 2021) as that which governs its power supply risk management and hedging strategies. This policy statement appoints the General Manager as the organization's Member Authorized Representative, and establishes internal authority limitations for transactions involving electric energy, transmission, capacity, and similar products.

To best serve its members, MPPA staff recently revised its Power Supply Risk Management Policy (PSRM). This was primarily in response to the sunset of Public Act (PA) 342 on 12/31/2021, which included the 15% Renewable Portfolio Standard (RPS). As a result, MPPA members no longer have a Renewable Energy state compliance requirement, although each is encouraged to stay the course. Accordingly, language in the Renewable Energy Management Services of the PSRM's Hedge Policy Section was revised to allow MPPA to provide elective Renewable Energy Management services for its members, rather than compliance services with prescribed REC hedging requirements. It is staff's recommendation that our participation in this program be continued.

In addition to the change outlined above, a few administrative changes were incorporated into the PSRM, a summary of which is provided below:

1. Transaction Authority Requirements - Record of Transactions (Section 5, part g)
 - Revised to allow MPPA staff the use of cellular and off premise telephones to execute transactions, so long as they are followed-up by a recorded communication (such as email) within 30 minutes to formalize the transaction.
2. Hedge Policy - Renewable Energy Management Services (Appendix B, Section 5)

- Revised from “Compliance” to “Management” services, as it is no longer required by law.
3. Credit Risk Policy, Counterparty Credit Limits (Exhibit A, Section 5B)
- Revised to allow MPPA executive staff to exceed the recommended counterparty credit limit, if a counterparty offers the most favorable terms for a particular transaction.

At the February 9th, 2022 meeting of the MPPA Internal Risk Management Committee (IRMC), MPPA staff recommended and the committee approved the revised MPPA Power Supply Risk Management Policy as proposed. In accordance with the revised MPPA Power Supply Risk Management Policy, the BPW’s Energy Risk Management Policy Statement has been updated to reflect adoption of the revised MPPA PSRM, no additional changes were made.

As a result of these changes, MPPA has requested that members complete and return a power supply portfolio risk management election form, identifying the desired energy hedge plan strategy and elected services MPPA will provide on its behalf. The BPW has furnished this information in the past, and has consistently elected the ‘Stability Plan’ (60-month horizon) as its hedge plan strategy. BPW staff does not anticipate a need to make any changes to the selected hedge plan strategy or elective services, but reaffirms our prior selections.

22.042 Energy Risk Management Policy Statement Revisions

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.

Work Agreement Between ZBPW and UWUA Local 566

Boatright reviewed with the Board the Union requests for the new contract effective July 1, 2022 and management’s counteroffers as of May 6, 2022.

22.043 Approval of Work Agreement Between the ZBPW and UWUA Local 566

Motion was made by Commissioner Query and seconded by Commissioner Cooney to approve recommending to City Council for their consideration the UWUA Local the proposed changes to the UWUA Local 566 tentative agreement provisions as presented and authorize the General Manager to sign the amended work agreement with said terms included. Motion carried. All voting aye.

North Warehouse Landscape Design & Installation Services

Mulder reported the construction of the BPW’s North Warehouse facility was presented and subsequently approved at the July 2021 meeting of the BPW Board. The approved project budget was set at \$2,000,000, and included allocations of \$25,000 for landscaping and \$5,000 for irrigation services in Lakewood’s construction budget. Lakewood has agreed to provide a credit for these allocated amounts, should the BPW decide to contract them directly.

Due to their experience in landscaping the adjacent Washington Ave. Generation facility and other BPW facilities, Integrity Landscape Management of Zeeland was asked to develop a landscape design and proposal for the North Warehouse. Staff requested that the landscaping at the adjacent generation facility be mirrored for continuity, and adjustments made where appropriated and meet with staff’s approval.

The proposal is comprehensive for all associated landscaping services, from trees and plantings, to mulch,

hardscape, final grading, and seeding. Staff is waiting on a proposal from its irrigation contractor, but anticipates the total project cost for landscaping and irrigation will be within the \$30,000 budgeted.

22.044 Bid Recommendation – North Warehouse Landscape Design & Installation Services

Motion was made by Commissioner Query and seconded by Commissioner Cooney to award a contract totaling \$21,360.00 to Integrity Landscape Management, LLC of Zeeland to provide landscape design and installation services as outlined in their proposal dated May 2, 2022. Motion carried. All voting aye.

*Chairperson Boerman refrained from voting.

GDP Sligh Building Development Agreement

Boatright explained Staff has been working with developer GDK to establish a development agreement for the redevelopment of the Sligh building and surrounding areas. This agreement has been finalized and agreed-to in principle by the developer and the City. The BPW's involvement has been in conjunction with the parking lot access and the shared driveway commencing at Maple Street and extending into the BPW property. There is currently an easement which provides for ingress and egress for the former West Michigan Office Interiors along with provisions for upkeep and maintenance including but not limited to snow removal and cost-sharing for pavement maintenance and replacement. The Sligh apartment development will not require the use of the entire length of the easement. Therefore, it will be necessary for us to revise the easement terms and conditions to accurately reflect the portion of the driveway that will ultimately be shared with the new development.

22.045 Approval of GDP Sligh Building Development Agreement

Motion was made by Commissioner Walters and seconded by Commissioner Cooney to approve the GDP Development Agreement contingent on City Council approval on May 16, 2022. Motion carried. All voting aye.

FY 2023 Community Grant Applications

Boatright reviewed with the Board the four applications received for the FY 2023 Community Grant: Zeeland Christian Schools Sledding Hill lighting, Zeeland Historical Society Welcome Center, Upward Bound Ministry Center Renovation and Addition and Drenthe Grove site furnishings for pickle ball courts. Boatright asked the Board of Commissioners to read through the applications so that a recommendation could be made at the June meeting.

Upcoming Events

- **Next Regular ZBPW Board Meeting, June 21, 2022, 3:30 p.m., Water Warehouse Meeting Space**
- CFHZ 2022 Annual Luncheon, May 26 at 11:00 a.m. at the Holland Civic Center Place.
- **MPPA 2022 Stakeholders Meeting, Friday, May 20, 2022, 12 noon to 5:00 p.m., Frederick Meijer Gardens**
- **Large Customer Breakfast, Tuesday, May 24, 2022, 7:30 a.m., Howard Miller Library Community Center Banquet Room**
- APPA National Conference, June 12-15, 2022, Nashville, TN

Motion was made and supported that the regular meeting be adjourned at 6:21 p.m. Motion carried. All voting aye.