

Regular Meeting
Board of Public Works
Water Warehouse
September 13, 2022

The regular meeting of the Board of Public Works Commission was held at the BPW Water Warehouse, 330 E. Washington, Tuesday, September 13, 2022. Chairperson Boerman called the meeting to order at 3:30 p.m.

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

ABSENT: Commissioners – Walters

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

Motion was made by Commissioner Query and seconded by Commissioner Cooney to approve the minutes of the July 19, 2022 and August 9, 2022 Regular Meetings. Motion carried. All voting aye.

Public Comment

No public comment given.

Safety Minute

The Safety Minute this month was regarding “Dangers of Driving Into Sun”.

IT Director Maloney explained there are a number of options when it comes to protecting a network. There are solutions which prevent intrusion or malicious activity. There are also solutions which provide alerts when an intrusion or malicious activity is suspected.

Prior to March of 2022, the City of Zeeland (COZ)/Zeeland Board of Public Works (BPW) had a contract with BitLyft to provide endpoint protection. The solution was implemented to prevent intrusion or malicious activity. Additionally, BitLyft installed and managed a Security Information and Event Management (SIEM) system. The main focus of a SIEM is to correlate information and alert when an intrusion or malicious activity is suspected.

Late last year, COZ/BPW implemented the Center for Internet Security (CIS) Malicious Domain Blocking and Reporting (MDBR) through Akamai at no cost. The previous DNS filtering solution was subscription based and provided by Egltech.

In March of this year, COZ/BPW entered into a contract with CIS to provide endpoint protection at a lower cost than the previous endpoint protection solution. In addition, CIS maintains and manages the endpoint protection from a Security Operations Center.

CIS provides the only Multi-State Information Sharing and Analysis Center (MS-ISAC) which is funded by grants from the Department of Homeland Security. This service is free to all government agencies and provides timely security alerts and information about potential threats.

It is recommended to implement the CIS network monitoring and management solution referred to as Albert. CIS provides the hardware and monitoring needed for implementation. No internal resources are required for operation. Albert monitors all incoming and outgoing network traffic for intrusion or malicious activity. This service is only available to U.S. State, Local, Tribal and Territorial governments. Every activity on a network has an identifying signature. Albert uses commercial, recently declassified and research-based signatures to classify information and detect threats. CIS maintains the hardware and provides 24x7 monitoring through their Security Operations Center.

The annual cost for Albert is \$13,980.00 of which 50% will be paid by the City of Zeeland and 50% paid by Zeeland Board of Public Works.

Albert was included in Fiscal Year 2023's budget plan and will be re-evaluated prior to the next budget cycle. If Albert is meeting performance expectations, the service will continue and the cost will be included in future budget proposals.

Two Factor Authentication, DNS Filtering, Endpoint Protection, Network AntiVirus, Web Filtering, Email Filtering, Intrusion Prevention, and Application Control are already implemented in the network environment. User Behavior Analytics is being tested and will be implemented within the next two months. Albert is one additional tool for network security. Each tool addresses a specific security need.

22.063 Purchase Recommendation - IT Department Network Monitoring and Management Software

Motion was made by Commissioner Dykstra and seconded by Commissioner Cooney to waive the bid requirement and award a contract in the amount of \$13,980.00 to Center for Information Security (CIS) and set a project budget in the amount of \$14,400.00 for the implementation of the Albert Network Monitoring and Management reject the single bid received and direct staff to defer the purchase of these vehicles until additional bidders are able to provide municipal/fleet order pricing and that vehicles can be configured according to specification. Motion carried. All voting aye.

Financial Reports

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

22.064 Approve Cash Disbursements and Regular Monthly Transfers

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

Cash and Investments as of: June, 2022	Electric	Water
Receiving	\$(1,177,457)	\$(368,057)
Accumulated Debt Service (in Receiving Fund)	-	-
Plant Improvements and Contingencies	\$20,572,398	\$13,835,790
Bond and Interest Payment Reserve*	-	-
Totals	\$19,394,941	\$13,467,733

* Reserve required per electric and water revenue bond ordinances.

Recommended Transfers for the Month: July, 2022

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

Motion carried. All voting aye.

Finance, Accounting and Customer Service

Chrisman updated the Board on Finance, Accounting and Customer Service.

Water Operations

Manager Levandoski reviewed the Water Department report and updated the Board on the Water projects and annual reports.

Levandoski explained the Zeeland BPW Water Department has implemented an Advanced Metering Infrastructure (AMI) pilot program system using Sensus technology which was approved by the Board of Commissioners on August 13, 2021. With the pilot program of 200 meters and end points purchased and 95 currently installed (8/22/2022), staff is needing to purchase additional replacement water meters that are compatible with our current solution and the AMI technology. Our current meters solution is no longer supported and we are moving towards the Sensus Solution.

On April 12, 2022, Board Members approved the purchase of 630 - end points, 500 - 5/8" meters, 10 - 3/4" meters, and 120 - 1" meters. This purchase will fulfill our water department meter replacement program stock for the upcoming eight to twelve months. The water industry is experiencing long lead times (52 weeks) due to product shortages and demands. ETNA is the supplier for the Sensus AMI solution, the associated water meters, and end points.

The Water Department is looking to purchase additional Sensus AMI Water Meters for deployment in FY2024 (additional \$200,000 budgeted) since lead times are over 52 weeks. The additional water meter purchase will allow ZBPW to replace all 5/8" - 1" water meters that are 15 years or older. AWWA best practices suggest water meter replacement(s) at 15 years.

22.065 Water Meters/Smart Points Purchase Recommendation

Motion was made by Commissioner Dykstra and seconded by Commissioner Query to approve the purchase of water meters and end points in the total amount of \$368,250.00 from the sole source supplier, ETNA Supply and approve the following 3 action items:

1. Purchasing 1300 - AMI end points totaling \$169,000 the amount of which is included in the FY2021 through FY2023 Capital Improvement Budget totaling \$564,000 for the AMI Water Project.
2. Purchasing the water meters totaling \$199,250.00 which is included in the FY2020 through FY2023 Capital Improvement Budget totaling \$352,000 for Water Meter Replacements.
3. Approval of a budget amendment for the FY2023 Meter Replacement Capital Improvement Budget in the amount of \$157,162.52.

Motion carried. All voting aye.

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

At the May 10, 2022 meeting of the BPW Board, a budget of \$117,000 was requested and approved to expand the Water Warehouse office area, which included \$90,162 for Lakewood Construction. This was subsequently increased to \$96,459 prior to contract for installation of a utility sink and low-voltage cabling, using project contingency. The items attributable to this additional cost totaling \$6,297 are itemized in red (Items 2 and 3) in the attached revised proposal from Lakewood Construction.

During the final design, planning, and start of construction, a number of additions were added to Lakewood's scope that will cause the project to exceed the approved budget. These include relocation of the air conditioning condenser (\$1,796), extra data and electric drops (\$2,400), addition of 30' x 5' of sidewalk and the removal of (2) trees (\$4,970), shades for two (2) windows (\$900), removal of six (6) trees along the west side of the building (\$3,050), and a flooring change from carpet to LVP throughout the entire office area (\$13,857). To date, these changes total \$26,973, or \$33,270 more than the original proposal of \$90,162.

The existing carpet installed in early 2021 is not wearing as expected, and after careful evaluation staff felt the

carpet would need to be replaced within 3 years. Accordingly, replacement with a more durable product seems prudent, as opposed to expanding the amount of carpet installed. Taking this action now will eliminate future disruption of another renovation, and the expense of having the office furniture again removed and reinstalled by WMOI.

Based on change orders received and additional expenditures authorized since construction began in earnest, staff forecasts that the project will exceed the approved budget by an estimated \$40,000. Budget estimates for office furniture and A&E services are on-track, however allowances for landscaping and project contingency should be preserved at this point. Due to the additional project costs anticipated, staff requests that the project budget be increased to \$157,000. The additional expenses are still well below the FY2023 Capital Improvement plan budget of \$200,000.

22.066 Water Warehouse Office Addition Budget Amendment Request

Motion was made by Commissioner Query and seconded by Commissioner Cooney to approve of all Lakewood Construction change orders to date in the total amount of \$33,270.00 (\$123,432.00 contract total) and that a budget amendment of \$40,000.00 be added to the project, bringing the project budget to \$157,000.00. Motion carried. All voting aye.

Levandoski reported in 2018 M&B Engineering was hired to perform a Water System Reliability Study (WSRS) that also coincides with the 2018 Asset Management Plan (AMP). The Reliability Study evaluates the entire water distribution system as a whole by utilizing software for hydraulic modeling, environmental compliance regulations, forecasting, and many other parts of a water distribution system. The WSRS identified and recommended the replacement of both of the 1600-gpm pumps. The Washington Pump Station (WPS) has four (4) pumps – two (2) 4400gpm pumps that were installed in 2002 (pumps #1 and #3) and two (2) 1600gpm pumps installed in 1963 (pumps #2 and #4). The Commissioners approved replacement of pump #4 at the March 8, 2022 board meeting. This recommendation proposes the replacement of pump #2 which will provide the following benefits including, but not be limited to:

- Redundancy to assure daily demands are available
- Increased efficiencies - pump curves
- Utilization of innovative technology
- Following the recommendations from WSRS and AMP submitted to EGLE
- Following best practice when maximum daily flows approach 90 percent of firm capacity
- Increased pumping capacity from 1600gpm to 2000gpm
- Replacement of an aging (1963) pump/motor

The following is a brief overview of the scope of improvements to be made at Washington Pump Station:

- Pump #2 will be replaced with a new vertical turbine pump capable of up to 2000gpm
- A singer valve with an insertion type flow meter will be installed on the pump discharge piping
- The construction will be performed by Franklin Holwerda Co. (FHC) in conjunction with Kennedy Industries, Parkway Electric, and Windemuller.

Staff is requesting approval for the replacement of pump/motor #2 located at Washington Pump Station in the total amount of **\$122,722.25** to include the following: new pump and motor (\$48,280), singer valve and insertion meter (\$38,615), FHC removal and installation (\$16,820), Windemuller SCADA integration (\$3,000 estimated), and contingencies/internal labor 15% (\$16,007.25).

22.067 Washington Pump Station Pump & Motor Replacement #2, Singer Valve and Insertion Meter Installation

Motion was made by Commissioner Query and seconded by Commissioner Cooney to approve Kennedy Industries proposal and scope of work in the amount of \$122,722.25. Motion carried. All voting aye.

Transmission and Distribution Operations

Interim Electrical Transmission and Distribution Manager Coots updated the Board on current electric projects and activities.

Electric Power Supply & Market Operations

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

Mulder reported in early 2020, the BPW submitted an application to the Public Utilities Commission of Ohio (PUCO) to register North American Natural Resources (NANR) Autumn Hills Landfill Gas Generation Facility (LFG) in Ohio, to realize the difference in Renewable Energy Credit (REC) pricing between the Michigan and Ohio markets. The application was submitted on June 1, 2020 and approved by the PUCO on August 12, 2020, with an effective date coinciding with the application submittal. Accordingly, the facility was also de-registered / suspended with the State of Michigan and MIREC's tracking system.

Since receiving approval, renewable energy generated by the NANR Autumn Hills LFG facility has been received in the PJM GATS system approved by PUCO, and three (3) sales have been executed. The price spread between Ohio and Michigan markets on those transactions have ranged from an estimated \$3.00 - \$9.00 per credit, with the low end being the most recent transactions. In recent months, that spread has narrowed due to lower prices in Ohio with additional resources coming online, and increased demand and market pricing in the Michigan market. At this time, however, the Ohio market pricing remains favorable, and we will continue to realize this benefit and offset power supply costs by executing these transactions. When that is no longer the case, we will evaluate transferring the facility's registration back to Michigan.

The renewable attributes associated with a resource are tied to the REC produced, and realized by the entity that retires the credit. Accordingly, even though renewable energy produced by the Autumn Hills LFG facility is delivered to the BPW's distribution system, those renewable attributes are transferred upon selling the REC. With the solar and wind project PPA's the BPW has executed through the Michigan Public Power Agency (MPPA) in recent years, our portfolio is forecasted to have sufficient renewable resources to satisfy or exceed the 15% requirement previously imposed by the State without the REC's produced by Autumn Hills. However, with increased customer interest in sustainability, the BPW may elect to re-purchase those REC's in the Michigan market, increasing the percentage of our energy produced by renewable sources.

22.068 MPPA Michigan REC Purchase Recommendation – Replace Autumn Hills Ohio REC's – TABLED

Motion was made by Commissioner Query and seconded by Commissioner Dykstra to table the recommendation of purchasing REC's from Autumn Hills sold in the Ohio Market be repurchased in the Michigan market on a one-for-one basis and approves up to \$90,000.00 be authorized for these purchases pending further information. Motion carried. All voting aye.

Mulder explained since registering the NANR Autumn Hills Landfill Gas Generation Facility with the Public Utility Commission of Ohio (PUCO) in 2020, the BPW has successfully executed three (3) REC sales in the Ohio market totaling more than 38,000 REC's. Although the spread in REC pricing between the Ohio and Michigan markets has diminished significantly during that time, it remains financially beneficial to take advantage of this opportunity.

In recent weeks, multiple inquiries to purchase Ohio REC's have been received from brokers. With prices declining over the past few months, staff is looking for opportunities to execute a sale when pricing rebounds, or to transact a portion of our banked REC's as part of a dollar-cost averaging strategy. Accordingly, staff requests authorization to transact up to 15,000 REC's, at a minimum price of \$3.00/REC, which is where the Michigan REC market presently trades. The BPW presently has 8,184 REC's in its GATS account available for purchase, and receives approximately

1,000 per month based on current generation levels. It is staff's intent to execute the best deal available, and at current market prices of ~\$4.00/REC would consider selling 5,000 – 8,000 at this time.

With the Ohio compliance filing deadline not until April, staff anticipates that Ohio market pricing may increase marginally in the coming months, but not to levels seen in previous years due to increased supply.

22.069 NANR Autumn Hills Ohio Market REC Sale Transaction

Motion was made by Commissioner Query and seconded by Commissioner Cooney to authorize the sale of up to 15,000, 2022 vintage Ohio Renewable Energy Credits (REC's), which are limited by the number available in the BPW's account at the time, and a minimum price of \$3.00/REC and recommends the Agreement be signed by the BPW's General Manager with the selected counterparty(s), subject to the terms reviewed and approved by BPW Staff and the City Attorney. Motion carried. All voting aye.

Mulder explained 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 forecasted 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 review its portfolio and solicits purchase proposals to strategically address open positions.

The BPW is participating in three (3) solar power purchase agreements through the MPPA for facilities that are currently under construction. Due to supply chain issues and other factors, the commercial operating dates of those facilities are expected to be delayed by 6-17 months, depending on the project. Accordingly, energy forecasted from those projects in 2023 and 2024 will not be received, and must be replaced to maintain alignment with the BPW's hedging and risk management policy.

To address these open positions, MPPA provided an energy purchase recommendation for 2024. Open positions in 2023 will also be addressed, but the size and term of those purchases fall within the transaction authority of the MPPA Director of Power Supply. With significant new load forecasted for 2024, BPW staff has elected to include a small portion of that load with this transaction (5,440 MWh on-peak, 2,352 MWh off-peak). That new load is not included in the "Forecasted Hedged % After Transaction" value stated in the tables below, so the anticipated hedged position is slightly lower but within the target range.

2024 Energy On-Peak Hours (5 x 16)

<u>Delivery Period</u>	<u>24-Jan</u>	<u>24-Feb</u>	<u>24-Mar</u>	<u>24-Apr</u>	<u>24-May</u>	<u>24-Jun</u>	<u>24-Jul</u>	<u>24-Aug</u>	<u>24-Sep</u>	<u>24-Oct</u>	<u>24-Nov</u>	<u>24-Dec</u>
Solar Projects Qty (MW)	3.8	4.9	2.8	3.0	2.3	1.9	4.7	3.4	2.8	3.2	1.7	2.2
New Load Hedge Qty (MW)	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0
Total Quantity (MW)	4.8	5.9	3.8	4.0	3.3	3.9	6.7	5.4	4.8	4.2	2.7	3.2
Total Energy (MWh)	1689.6	1982.4	1276.8	1408.0	1161.6	1248.0	2358.4	1900.8	1536.0	1545.6	864.0	1075.2
Total Cost (NTE)	\$190,924.80	\$212,116.80	\$100,867.20	\$95,744.00	\$78,988.80	\$84,864.00	\$207,539.20	\$157,766.40	\$99,840.00	\$95,827.20	\$51,840.00	\$70,963.20
NTE Price (\$/MWh)	\$113.00	\$107.00	\$79.00	\$68.00	\$68.00	\$68.00	\$88.00	\$83.00	\$65.00	\$62.00	\$60.00	\$66.00
% of Load	8.1%	10.3%	6.6%	7.1%	5.4%	5.9%	9.4%	7.6%	7.3%	6.9%	4.6%	5.6%
Forecasted Hedge % After Transaction	72.1%	72.1%	72.3%	71.8%	71.7%	73.2%	72.9%	73.1%	73.4%	72.1%	71.6%	71.7%

2024 Energy Off-Peak Hours

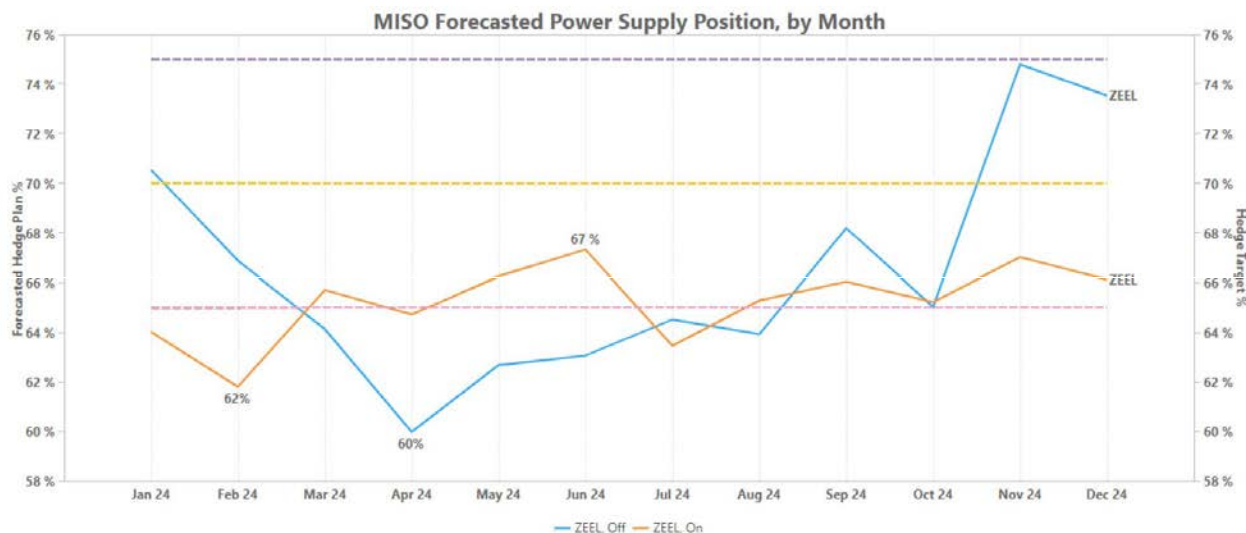
Delivery Period	24-Jan	24-Feb	24-Mar	24-Apr	24-May	24-Jun	24-Jul	24-Aug	24-Sep	24-Oct	24-Nov	24-Dec
Solar Projects Qty (MW)	0.0	1.7	2.9	4.4	3.3	3.5	3.0	3.6	1.2	2.5	0.0	0.0
New Load Hedge Qty (MW)	1.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0	1.0	0.0	0.0
Total Quantity (MW)	1.0	1.7	2.9	4.4	3.3	4.5	4.0	4.6	2.2	3.5	0.0	0.0
Total Energy (MWh)	392.0	612.0	1183.2	1619.2	1293.6	1800.0	1568.0	1803.2	880.0	1316.0	0.0	0.0
Total Cost (NTE)	\$32,928.00	\$47,736.00	\$70,992.00	\$71,244.80	\$58,212.00	\$79,200.00	\$79,968.00	\$84,750.40	\$39,600.00	\$63,168.00	\$0.00	\$0.00
NTE Price (\$/MWh)	\$84.00	\$78.00	\$60.00	\$44.00	\$45.00	\$44.00	\$51.00	\$47.00	\$45.00	\$48.00	\$50.00	\$56.00
% of Load	2.3%	3.9%	6.7%	10.2%	7.3%	9.1%	7.6%	8.7%	4.6%	7.6%		
Forecasted Hedge %												
After Transaction	72.8%	70.8%	70.8%	70.2%	70.0%	72.2%	72.1%	72.3%	72.8%	72.6%	74.8%	73.5%

The total, not-to-exceed costs associated with the above recommended volumes and maximum stated strike prices are as follows:

2024 On-Peak Hours (5x16):	\$1,447,281.60	18,046.4 MWh (Avg. \$80.20/MWh)
2024 Off-Peak Hours (5x8, 2x24):	\$627,799.20	12,467.2 MWh (Avg. \$50.36/MWh)
Combined Total:	\$2,075,080.80	30,513.6 MWh (Avg. \$68.01/MWh)

These transaction(s) will be for financially-firm energy with physical delivery to the MISO Michigan Hub in the day ahead market.

The chart below indicates the BPW's current hedged energy position forecast, prior to the recommended transaction, which will align it with the target range.



22.070 2024 MPPA Bilateral Energy Purchase – Solar Project Delays and New Load

Motion was made by Commissioner Dykstra and seconded by Commissioner Cooney to approve the aforementioned energy purchase commitments authorizing the BPW General Manager to commit to the purchase of the following short-term energy products totaling a maximum not-to-exceed financial commitment of \$2,075,080.80:

1. Calendar Year 2024:
 - a. On-Peak (5x16) firm energy up to \$1,447,281.60 for 18,046.4 MWh (\$80.20 / MWh average)
 - b. Off-Peak (5x8, 2x24) firm energy up to \$627,799.20 for 12,467.2 MWh (\$50.36/MWh average)

Motion carried. All voting aye.

Mulder explained for FY2023, the Water and Electric Department Capital Improvement Plan budgets included allocations for new vehicles of \$30,000 and \$35,000 respectively. The budgeted Electric Department vehicle is scheduled to replace BPW #539, which will be retired from service in accordance with BPW and City policies. The Water Department vehicle is an addition to the fleet for new Water Department personnel. Staff requested bids earlier than in past years, as supply chain issues have extended vehicle delivery.

The BPW's depreciation and replacement schedule for light fleet vehicles is 5-year capital depreciation, and 7-year replacement. In early August, a request for bid was prepared and submitted to four (4) local dealerships. The specifications requested that bids be submitted for both a mid-size and full-size pickup, and that pricing be provided for the vehicles individually, and a combined price if purchased together. The general specifications for the vehicles are provided below:

Electric Department Vehicle: Mid-Size Pickup Truck

- Extended cab, standard size box (~6ft), 4-wheel drive
- Gasoline engine, powertrain suitable for towing small trailers
- Automatic transmission

Water Department Vehicle: Full-Size, 1/2 Ton Pickup Truck

- Regular cab, full size box (8ft), 4-wheel drive
- V8 gasoline engine, powertrain suitable for towing trailers
- Automatic transmission

Bids were received from only one of the four dealerships, DeNooyer Chevrolet in the amount of \$32,800.00 for the Electric Department truck and \$41,414.00 for the Water Department truck. The bid for the Water Department vehicle met specification, and delivery is estimated at 3-6 months. Although the vehicle met specification, the price is considerably higher than the amount budgeted (\$30,000), and that which was paid for comparable vehicles in recent years. This is primarily due to increases in vehicle MSRP, and a significant decrease in the municipal / fleet discounts offered by the manufacturer.

2020:	\$28,107.00	Chevrolet Silverado, Todd Wenzel Chevrolet
2018:	\$26,517.35	Ford F-150, Barber Ford

The bid for the Electric Department vehicle did not meet specification, as a crew cab configuration was substituted based on the manufacturer's order restrictions. Chevrolet is reconfiguring the vehicle for 2023, and is limiting the configuration of remaining 2022 model year vehicles. Vehicle pricing and orders are not yet available for the new 2023 model year vehicle, which is expected to be released in January.

22.071 Bid Rejection Recommendation – Electric and Water Department Pickup Truck Purchases

Motion was made by Commissioner Cooney and seconded by Commissioner Dykstra to reject the single bid received and direct staff to defer the purchase of these vehicles until additional bidders are able to provide municipal/fleet order pricing and that vehicles can be configured according to specification. Motion carried. All voting aye.

Other Business

Interim Transmission & Distribution Manager Pay

With the recent departure of Tracey DeKraker, Electrical Engineer Brian Coots has been designated to serve in the Interim T & D Manager role effective Monday, August 22, 2022. I would like to request a temporary increase to Brian's pay of 15 percent reflective of the pay level for this manager-level position and the additional responsibilities required of the role. This wage adjustment would be in effect retroactive to and including August 22, 2022 and remain in effect until such time the T & D Manager position is permanently filled.

22.072 Interim Transmission & Distribution Manager Pay

Motion was made by Commissioner Cooney and seconded by Commissioner Query to approve a temporary pay increase of 15% for Brian Coots effective August 22, 2022 and remaining in effect until such time the D & D Manager position is permanently filled. Motion carried. All voting aye.

Lead 24/7 Leadership Development Training Proposal Recommendation

Accounting and Finance Manager Kate Chrisman would like to enroll in a Lead 24/7 leadership development training cohort commencing in September 2022 and running through August 2023 (twelve months). This training is conducted by Leading by DESIGN whose principal is Rodger Price and involves a substantial commitment of time both in and outside of the classroom. You may recall, the Board generously allowed me the privilege to participate in a recent Lead 24/7 leadership development training cohort. I believe it to be of extreme value and very high quality. The cost is significant - \$12,000. It is worth every penny. Along with the training comes monthly one-on-one coaching from a member of the Leading by DESIGN team for the duration of the cohort. Kate currently receives one-on-one coaching from one of the Disher leadership coaches. During her time with the Lead 24/7 cohort, the hours remaining in our one-on-one coaching contract with Disher will be re-allocated to other members of the leadership team currently receiving coaching services.

22.073 Lead 24/7 Leadership Development Training Proposal Recommendation

Motion was made by Commissioner Cooney and seconded by Commissioner Query to approve Lead 24/7 Leadership Development Training from Leading by DESIGN for Accounting and Finance Manager, Kate Chrisman in the amount of \$12,000.00.

Commissioner Query asked what would happen if someone left the BPW after receiving the training. Boatright replied there is no policy in regards to this. Boatright will take this under advisement as Query feels we should have something in writing in the future for expectations following the training.

Motion carried. All voting aye.

Zeeland 175th Anniversary Celebration

Included in the Board Meeting Packet was a memo from City Marketing Director, Abby deRoo to City Council dated August 12, 2022 that describes activities surrounding the upcoming Zeeland 175th Anniversary Celebration taking place from October 2 through October 8, 2022. Boatright has inquired with Abby and City Leadership about sponsoring the event and I refer you to the included document that describes the levels of monetary sponsorship. The City of Zeeland will participate with monetary and/or in-kind support. Boatright would like to ask the Board of Commissioners to consider BPW Sponsorship at a level of \$1500.00. The BPW has and will continue to separately sponsor the annual Pumpkinfest.

22.074 Zeeland 175th Anniversary Celebration Sponsorship

Motion was made by Commissioner Cooney and seconded by Commissioner Dykstra to approve sponsorship for the Zeeland 175th Anniversary Celebration in the amount of \$1500.00. Motion carried. All voting aye.

Reckitt (f.k.a. Mead Johnson) Water Services Agreement Update

Reckitt has informed the BPW of their intention to not extend their Water Services Agreement which will expire October 31, 2022. They claim that they have identified ways in which to substantially reduce water usage such that the current services agreement would no longer provide a benefit. There are only two pathways for Reckitt regarding water services provided by ZBPW. They can 1) negotiate an amendment to the current agreement which they have done on four (4) occasions since the time of the base agreement expiration in 2015 or, 2) they can allow the wholesale agreement to expire and receive service under the applicable retail water rate structure. We have asked Reckitt to notify the BPW in writing of their intention to allow the agreement to expire. As of this memo, no such notification has been received.

In light of there being no precedence for expiration of a Water Services Agreement, staff have asked City Attorney Donkersloot to review the terms of the Reckitt Water Services Agreement to identify any legal aspects that must be considered. The terms and conditions established in the original agreement were predicated on ensuring the City would be made whole for any capital investment necessary, including bond financing and debt service coverage, to provide of high-volume water services to Mead Johnson. All investment requirements of the original agreement have been met leaving only the financial obligations associated with the sale of water. Staff will have additional information to share at the October Board of Commissioners meeting.

Electric Cost of Service and Rate Study Update

Recall the Electric Cost of Service and Rate Study presentation provided by Mark Beauchamp, UFS, in June 2022. During that discussion, UFS recommended implementation of 1.5 percent per year rate adjustment for each of the next three years. Staff is recommending holding-off on the UFS-recommended rate adjustments pending review of MPIA reserve cash available and cost and timing of new generation capacity. For MPIA, we would further explore new information provided through pending actuarial studies to various confidence level scenarios which have implications as to the appropriate target amount of cash reserves to be maintained on account at MPIA (see guidance from Insurance Consultant Ken Bush below regarding access to MPIA cash reserves). Regarding generation capacity, a study has been planned for this fiscal year, the results of which should provide better resolution as to generation capacity cost, siting, and timing.

In light of these outstanding action items, staff recommends holding-off on a rate adjustment until these tasks are complete which is anticipated to be in the Spring 2023. In the meantime, Line Extension Rules and Fees will be recommended for implementation in October or November. Other rate structures that are under study and planned for implementation within the fiscal year include an Economic Development Rate, Time-Of-Use Rates, Standby Rates, Interruptible Rates, and EV Charging Rates. These rate structures will be presented to the Commissioners for consideration in the near future.

Guidance from Ken Bush: The procedure for receiving surplus funds attributable to the BPW is found in Bylaw X., Fund Balance and Fund Equity. As discussed, although MPIA's funds are separated by entity, the funds really belong to MPIA. MPIA as a group self-insurance program organized under Michigan law is authorized to invest in any instrument permitted for Michigan-licensed insurance company investments, with a very few limitations. This is one of the primary purposes for MPIA's existence. Bylaw X. provides that any Fund Balance/Equity attributable to a Participating Public Entity may be returned at the end of any fiscal year, provided that the return of such funds does not leave insufficient funds to pay ongoing operating expenses. The MPIA Board of Directors must approve the payments of such funds. The payment may be delayed in order to avoid any unusual or extraordinary penalties associated with the disbursement. The payment may be rejected to the extent that the amount of the payment reduces MPIA's funds to less than what is necessary to meet ongoing obligations, including estimated claim costs.

Mutual Aid Assistance to Holland Board of Public Works August 29, 2022

Zeeland BPW was called upon by Holland BPW for mutual aid assistance in association with the storm that rolled through the area on Monday, August 29, 2022. Zeeland was virtually unaffected by the storm. Holland, however experienced numerous outages necessitating a call for mutual aid assistance to both Zeeland and Grand Haven. Line Worker Chad Brower and Line Apprentice Eric Risselada responded on behalf of the ZBPW and notes of appreciation from HBPW General Manager Dave Koster and Electric Distribution Superintendent Steve Bruinsma were included in the packet. Thank you Chad and Eric!

Public Power Week – October 2-8, 2022

For Public Power Week this year, we have a few activities planned to highlight the benefits of Public Power. A Coloring Contest was opened the week of August 29. This contest is open to participants in 1st through 4th grades for Fall of 2022. Coloring sheets can be found in the front lobby, at City Hall, and at the Howard Miller Library. There is also a downloadable link on the website www.zeelandbpw.com/color-contest/. We've also received district approval from ZPS to distribute to the children at the schools. Coloring sheets have already been distributed to Zeeland Christian School and Innocademy. Coloring sheets submissions will be accepted through September 23, 2022. The winner will be announced the week of October 2nd and notified by email. There will be one (1) grand prize winner of a \$50 Amazon Gift Card provided by MMEA. Zeeland BPW will also award one (1) winner in each

grade level – these winners will receive a Zeeland BPW swag gift basket. In addition to the Coloring Contest, Boatright will be appearing on WZZM 13 On Your Side and WHTC Talk of the Town to promote Public Power week and the benefits of Public Power.

Thank-you Notes

Boatright included four Thank-You notes in the Board Packet: Careerline Tech Center (Future Prep'd Students) – thanking the Board for our support of their 2-week challenge exercise, Zeeland Christian Schools - thanking the Board for the Sledding Hill grant in the amount of \$10,000, Kerri Van Dorp for the Board's sponsorship of the Zeeland Criterium Bike Race event, and, also from Kerri Van Dorp, a thank you note for the Board's booth and sponsorship of the Zeeland Sweet Summer Nights event.

Zeeland Historical Society Annual Dinner Fundraiser

Boatright included an invitation in the Board Packet to this event.

Upcoming Events

- **Next Regular ZBPW Board Meeting, Tuesday, October 11, 2022, 3:30 p.m., Water Warehouse Meeting Space.**
- **Holland/Zeeland Community Foundation Celebration of Philanthropy, Thursday, September 15, 2022, 5:30 p.m. M.E. Yacht Restoration, 471 Howard Avenue, Holland, MI 49424.**
- **North Warehouse Ribbon Cutting, Thursday, September 22, 2022, 12:30-1:00 p.m.**
- MMEA Fall Conference, October 5-7, 2022, Firekeepers Casino-Hotel, Battle Creek, MI (Conference agenda link: <https://view.publitas.com/michigan-municipal-electricassociation/2022-agenda/page/1>).
- Public Power Week, October 2-8, 2022.
- Zeeland 175th Celebration, October 2-7, 2022.
- Zeeland Pumpkinfest Parade, Saturday, October 8, 2022.

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