

Regular Meeting
 Board of Public Works
 Water Warehouse
 April 11, 2023

The regular meeting of the Board of Public Works Commission was held at the BPW Water Warehouse, 330 E. Washington, Tuesday, April 13, 2023. Chairperson Boerman called the meeting to order at 3:30 p.m.

PRESENT: Commissioners – Chairperson Boerman, Query, Dykstra and Walters

ABSENT: Commissioners – Vice Chair Cooney

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

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to approve the minutes of the March 14, 2023 Regular Meeting. Motion carried. All voting aye.

Public Comment

No public comment given.

Safety Minute

The Safety Minute this month was in regard to flooding.

Financial Reports

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

23.025 Approve Cash Disbursements and Regular Monthly Transfers

Motion was made by Commissioner Query and seconded by Commissioner Dykstra to approve the February, 2023, cash disbursements and the regular monthly transfers for the month of January, 2023 as follows:

	Electric	Water
Cash and Investments as of: February 28, 2023		
Receiving	(\$572,868)	\$322,726
Accumulated Debt Service (in Receiving Fund)	-	-
Plant Improvements and Contingencies	\$18,802,053	\$13,257,000
Bond and Interest Payment Reserve*	-	-
Totals	<u>\$18,229,185</u>	<u>\$13,579,725</u>

* Reserve required per electric and water revenue bond ordinances.

Recommended Transfers for the Month: February, 2023

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

Motion carried. All voting aye.

Water Operations

Manager Levandoski reviewed the Water Department report and updated the Board on the Water projects and informational items.

Levandoski reviewed a memo from ACM/Finance Director Plockmeyer regarding the Main Avenue Resurfacing Project Bid Award. The scope of this project includes watermain replacement in the intersection of Fairview and Main, concrete pavement repairs in the intersection, milling and resurfacing the roadway from Fairview to the East City limits, and sidewalk repairs and installation within the project limits. Three competitive bids for the project were received with the low bidder being Anlaan Corporation in the amount of \$468,319.55.

While the City has never worked with Anlaan, Moore and Bruggink is familiar with their capabilities and is recommending awarding (see attached) the project to Anlaan and set a total project budget of \$630,000. Based on the components of the project, the costs for the project are broken down as follows:

	<u>Bid Amount</u>	<u>Contingency</u>	<u>Engineering & Administration</u>	<u>Total</u>
MDOT TEDF	\$325,085.95			\$325,085.95
Streets (90%)	\$97,103.60	\$56,412.40	\$80,100.00	\$233,616.00
BPW(10%)	<u>\$46,130.00</u>	<u>\$16,268.05</u>	<u>\$8,900.00</u>	<u>\$71,298.05</u>
Totals	\$468,319.55	\$72,680.45	\$89,000.00	\$630,000.00

Of the \$558,701.95 (MDOT TEDF + Streets) budgeted project costs for the City, the City has budgeted \$640,000 for this project which was offset by a \$375,000 grant. While we have budgeted \$375,000 in grant funding, we are estimating that we will only be able to recognize approximately \$325,000 of this grant funding because the project came in under budget (We will be looking at possible ways to leverage this unused grant funding during the project). Even though this is the case, we are still happy that the project came in under budget and would recommend the award of the project. This award is subject to the BPW approval of the water-related items on the project.

23.026 Bid Recommendation – Main Avenue Resurfacing and Watermain Replacement

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to award the Main Avenue Resurfacing project to Anlaan Corporation for the BPW portion (10%) of the project in the amount of \$71,298.05. Motion carried. All voting aye.

Transmission and Distribution Operations

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

Coots explained underground 750 copper cable will be used for connecting Northside Substation 12.47kV bus to new distribution feeder circuits. Approximately 3,600ft of 750 Cu cable is needed to connect five distribution circuits to the distribution bus. Currently three of the five circuits are earmarked for Gentex growth at NRC3, with the other two feeders aimed at relieving load on existing distribution lines. Underground 4/0 copper cable will be used for connecting the Northside Substation 12.47kV bus to the substation capacitor bank. Two bids were received with Irby being the low bidder.

23.027 Bid Recommendation – Northside Substation Cable Exits

Motion was made by Commissioner Query and seconded by Commissioner Walters to award the purchase of 750 Cu and 4/0 cable for the Northside Substation to IRBY in the amount of \$143,656.46. Motion carried. All voting aye.

Coots reported on Friday March 24th, a Zeeland resident contacted us with information regarding a 138kV transmission pole being damaged by woodpeckers. Woodpeckers have caused damage to this specific pole before, resulting in significant weakness on the surface and core structure. Previously a structural foam was used to repair the damage caused last spring, but the current extent of the damage warrants urgent replacement of the pole.

Pole replacement is scheduled for April 29th, Hydaker-Wheatlake can provide all labor, equipment, and material necessary to set a new pole and transfer all existing equipment. The replacement pole is a 95' class H1 transmission pole that has been sourced through Hydrolake Inc. and will be unloaded on-site due to traffic laws surrounding transportation of a large structure. Coordination with ITC and ZBPW operators are needed to de-energize the 138kV line for the duration of scheduled work.

23.028 Purchase Recommendation – Emergency 138kV Transmission Pole Replacement

Motion was made by Commissioner Query and seconded by Commissioner Walters to award a construction services contract to Hydaker-Wheatlake in the amount of \$14,617.00, and procurement of one (1) 95' Class H1 transmission pole from Hydrolake for a total price of \$16,540.00. Motion carried. All voting aye.

Electric Power Supply & Market Operations

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

Mulder explained in 2021, Farabee Mechanical, Inc. was contracted to inspect Units #1 and #2, the BPW's Fairbanks Morse opposed piston engines. In the inspection reports, a recommendation was made to upgrade the existing governor driven air blower bypass controls to modern electronic controls on both engines. The existing air actuated controls are an antiquated design, and parts are becoming difficult to source. The electronic controls provide improved product support and operations, as well as improved fuel efficiency at partial load and catalyst performance due to maintaining higher exhaust temperatures. Due to the limited operation of these units and the non-emergency nature of the upgrade, this project was included in the department's 6-year Capital Improvement Plan as a planned upgrade.

While developing the FY2024 Capital Improvement Plan budget, a proposal was requested and received from Farabee Mechanical, Inc. to perform the upgrade. The proposed cost to perform the upgrade on a single unit is \$14,253, and \$23,496 for both units concurrently. With material costs continuing to rise and persistent supply chain issues, staff recommends committing to completing this work on both units so that material can be procured by the vendor, with installation scheduled for the fall of 2023.

Based on a combined nameplate rating 2,496 kW and a projected capacity value of \$5.24/kW-month for MISO Zone 7 in Planning Year 23/24, these two units provide an estimated capacity value of \$13,079 per month, or \$156,948 annually. Accordingly, the projected return-on-investment is less than 2 months. Based on the economics and reasons outlined above, staff recommends that this upgrade be completed as proposed.

23.029 Bid Recommendation – Power Plant Units #1 and #2 Automatic Blower Bypass Controls Upgrade

Motion was made by Commissioner Walters and seconded by Commissioner Query that a professional services contract in the amount of \$23,496.00 be sole-sourced to Farabee Mechanical Inc., to install automatic blower bypass controls on Units #1 and #2. Furthermore, and that a tentative project budget of \$27,000.00 be approved for the project, providing a small project contingency. All costs associated will be allocated against the FY2024 Capital Improvement Plan budget, which includes a \$30,000 allotment for this expenditure. Motion carried. All voting aye.

Mulder reported in the fall of 2019, the BPW initiated a facilities space utilization and master planning study to strategically identify the long-term campus needs of the organization. Phase 1 of that study concluded that the long-term program requirements would not be met by the BPW's existing facilities, and that expansion was necessary. Since completion of that study, the BPW has constructed a new warehouse, installed offices in the Water Department

warehouse, remodeled portions of the BPW Office, and made a series of strategic purchases as adjacent properties came to market.

In February of 2023, the Zeeland Board of Public Works (BPW) purchased property located at 314 E. Washington Ave., which it will take possession of June 3rd. This property is adjacent to the 320 E. Washington Ave. and 49 N. Centennial St. properties, which the BPW purchased previously. Existing structures are present on both Washington Ave. properties, consisting of two (2) residences and a detached garage.

Based on the strategic location to BPW facilities, the condition of the structures and our obligation to maintain them, and the City's future land use designation as 'Mixed Use Corridor', staff believe that pursuing removal of existing structures from these properties is the most prudent course of action.

The removal of a residential dwelling within the City of Zeeland requires approval by the Planning Commission, and a finding that the demolition standards contained in Chapter 6, Volume II of the Zeeland City Code have been met. Although these standards are numerous, the following requirements outlined in section 6.108 are particularly noteworthy:

- Section 6.108 (a)(2)(a): The property on which the dwelling is located must be zoned for non-residential use. The property is presently zoned 'C3-Highway Commercial' which complies with this requirement.
- Section 6.108 (a)(3)(a): The demolition must not be contrary to the master plan. The City's Future Land Use map designates this parcel as 'Mixed Use Corridor' which complies with this requirement.

For this to be considered at the June 1st meeting of the Planning Commission, an 'Application for Review of Proposed Demolition' must be submitted 30 days in advance (by May 2). Assuming approval is granted on June 1st, staff would then apply for a demolition permit, and solicit bids from contractors to perform the requested service. Consequently, staff anticipates that removal of the structures and restoration of the property would likely occur in the fall of 2023.

Based on costs realized in 2020 from a similar project scope at 49 N. Centennial St., the estimated cost to complete the necessary inspections, permits, utility service disconnects, demolition, and landscape restoration is expected to total \$40,000 - \$50,000. This estimate includes the cost of completing an asbestos assessment of the structures, but no abatement should any hazardous materials be identified.

23.030 Removal of Structures from 320 & 314 E. Washington Ave. Properties

Motion was made by Commissioner Query and seconded by Commissioner Dykstra to recommend pursuing the demolition of the existing residences and outbuilding on the properties located at 314 and 320 E. Washington Avenue and that an "Application for Review of Proposed Demolition" be submitted for both properties to be considered by the City of Zeeland Planning Commission at an upcoming meeting. Motion carried. All voting aye.

Accounting, Finance & Customer Service Update

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

Chrisman explained on January 21, 2023, staff initiated a request for proposals (RFP) for a short messaging service (SMS) texting solution. ZBPW is looking to improve communication to better assist customers by providing a more efficient means of communication, provide more efficiency for staff by reducing phone calls to Customer Relationship Specialists, provide widespread and timely information regarding outage or restoration time and enhance client contact while augmenting existing communication.

ZBPW required solutions to be Provider hosted and maintained, offer two-way texting, and contain a web portal front end application that allows ZBPW to manage texting, allow input of texting, manually upload or download texting

information. The solution is also required to have a reporting tool available via the web portal for creating reports, ad hoc queries, and metrics.

Three bids were received and analyzed by Andy Boatright, Tim Maloney, and Chrisman. After the initial pass-through, it was determined that staff would benefit from a demonstration of Textmunication and Text Power's platforms. Nick Miniello, Vice President of Sales, demonstrated Textmunication's platform on March 24, 2023. In attendance were Andy Boatright, Tim Maloney, Kerri Vlietstra, and Chrisman. Mark Nielsen, Executive Chairman, demonstrated, once more, Text Power's platform on March 29, 2023. In attendance were Andy Boatright, Tim Maloney, Kerri Vlietstra, Lezlyn Villa and Chrisman. The demonstrations allowed staff to view the user platform, ask additional questions, and find opportunities to help better communicate with and serve our consumers.

After receiving demonstrations from both Textmunication and Text Power, staff feel that Textmunication will best handle organizational needs. Textmunication not only meets all requirements listed above, but also offers access to web forms for efficient, self-service collection of information and Multimedia Messaging Service (MMS) – a text that includes a file, such as a picture, video, emoji or website link. There is no limit to the number of staff accounts, with the option to create subaccounts with specific roles and accesses. Textmunication offers online chat, phone, email text, or software-based support. Textmunication will provide thorough training, a go live session to implement and ongoing support, including one-on-one and team training.

23.031 Texting Solution Recommendation

Motion was made by Commissioner Query and seconded by Commissioner Walters to approve text messaging solution services from Textmunication in accordance with their proposal dated January 24, 2023. Motion carried. All voting aye.

Other Business

APPA Safety Award Recognition:

The BPW has been recognized with a first-place designation in the annual American Public Power Association Safety Awards of Excellence. This award is extremely challenging to attain within our classification of worker-hours of exposure. Regrettably, a single reportable injury in the span of a calendar year would likely knock us out of consideration for any safety award recognition. This award therefore signifies that the BPW Electric Department has been accident-free within the reporting period and that's a tremendous accomplishment. Regardless of the recognition, the entire BPW team is committed to safety and certainly the recognition received from APPA is demonstrative of that commitment. Safety is tops in our Core Values and even though there may be years when we aren't 100 percent accident-free, we can be confident in knowing we've created and maintained a culture of safety at the BPW. A big thank you to all staff members for their commitment to operating safely day after day. Also, thank you to the Commissioners for empowering us with the resources needed to work safely.

Zeeland BPW FY2024 Budget Update:

On Monday, March 27, 2023, Boatright presented the BPW FY2024 budget plan to City Council. When I make this presentation, it is with great pride that I can share our process of Commissioner review of the budget – that being our Special Board meeting on February 21, 2023, where we take a deep dive into the budget plan, followed by another review opportunity in March at the regular Board of Commissioner meeting. I believe this gives City Council great confidence in knowing that our budget plan has been thoroughly vetted. Boatright is pleased to report that City Council had no recommended changes. Furthermore, they expressed their gratitude for the good work the BPW is doing.

Community Foundation Holland/Zeeland Area:

Boatright received a letter for the CFHZ dated March 24, 2023, announcing Patrick Cisler will be the incoming President/CEO.

Thank You Note From Woodbridge Elementary:

Boatright was recently contacted by Bill Boerman, 4th Grade Gifted & Talented Educator at Woodbridge Elementary School, requesting consideration for monetary support for a nutritional awareness initiative being pursued by his classroom. In short, Boatright authorized a contribution of \$500 in support of this initiative. Boatright Included in the Commissioner Packet, the email exchange between Boatright and Boerman and a thank you note for our support.

Upcoming Events

- **Next Regular ZBPW Board Meeting, Tuesday, May 9, 2023, 3:30 p.m., Water Warehouse Meeting Space.**
- **Annual Business & Industry Breakfast, Tuesday, April 18, 2023, 7:30 a.m., Howard Miller Community Center, 14 S. Church Street, Zeeland.**
- **MPPA Stakeholders Meeting, Thursday, May 18, 2023, Frederik Meijer Gardens, Grand Rapids.**
- **CFHZ Annual Luncheon, Thursday, May 25, 2023, 11:00 a.m. – 1:00 p.m., Holland Civic Center Place, 150 W. 8th Street, Holland.**

Motion was made and supported that the regular meeting be adjourned at 4:57 p.m. Motion carried. All voting aye.

Pamela Holmes, City Clerk

Purchase Power Committee Meeting
 Board of Public Works
 Water Warehouse
 April 18, 2023

The Purchase Power Committee (PPC) meeting of the Board of Public Works Commission was held at the Howard Miller Community Center, 14 S. Church Street, Zeeland, MI on Tuesday, April 18, 2023. Chairperson Boerman called the meeting to order at 9:30 a.m.

PRESENT: Commissioners – Chairperson Boerman, Query, and Walters

ABSENT: Commissioners – None

Staff Present: General Manager Boatright and Electric Power Supply & Market Operations Manager Mulder

Power Supply Manager Mulder explained the Zeeland Board of Public Works (BPW) participates in the wholesale power market through the Michigan Public Power Agency (MPPA). That participation is guided by a Power Supply Risk Management Policy, which specifies that the BPW have committed energy resources in place to supply specific levels of anticipated energy requirements extending into the future.

Although it is standard practice to hedge electric energy and capacity, the BPW has not historically hedged natural gas as our generators operate as peaking units, and usage is somewhat unpredictable. Instead, natural gas has been purchased on the spot market. Since January of 2020, the natural gas market has experienced significant volatility ranging from a monthly average of \$1.564 to \$8.307, and is again approaching \$2.00 in recent days. Although pricing in the near-term months is expected to remain relatively consistent, upward pressure is expected to return in late 2023 and beyond.

To mitigate a portion of this risk, staff recommends hedging the minimum projected monthly usage based on the historical boiler and 2-hour run of exercising units. Staff anticipates using a combination of layered, varying length contract terms to strategically address open positions, optimize cost, and provide flexibility for future purchases. In essence, similar strategies used to hedge energy will be used to hedge natural gas, but based on conservative levels rather than the entire forecasted amount. A summary of the proposed transaction is provided in the table below.

Contract Term	Number Of Months	Monthly Gas Hedged (MMBTU)	Max NTE Price (\$/MMBTU)	Maximum Commitment (\$)	Projected Minimum Mo. Usage (MMBTU)	% Hedged of Projected Minimum Mo. Usage (%)
6-Month: May 23 - Oct 23						
May - Sept	5	500	\$3.00	\$7,500	1,000	50.0%
October	1	400	\$3.00	\$1,200	800	50.0%
18-Month: May 23 - Oct 24						
May - Sept, Dec - Jan	12	250	\$3.70	\$11,100	1,000	25.0%
Oct - Nov, Feb - April	6	200	\$3.70	\$4,440	800	25.0%
30-Month: May 23 - Oct 25						
May - Sept, Dec - Jan	19	250	\$4.14	\$19,665	1,000	25.0%
Oct - Nov, Feb - April	11	200	\$4.14	\$9,108	800	25.0%
Transaction Summary	30	14,050	\$3.77	\$53,013	27,800	50.5%

As market prices change daily, a 15% margin has been added to the quoted term prices to estimate the maximum amounts indicated. A comparison of the quoted term prices to market forward projections for this period indicate a total hedge premium of less than 10%.

The total not-to-exceed cost associated with the recommended volumes and terms is \$53,013.00 over a 30-month period, which will be invoiced monthly. If additional gas is required beyond the volumes contracted, those volumes will be assessed at market pricing the same as our practice. If the entire volume of gas contracted is not consumed, it will be remarketed by Constellation Energy at market pricing, the proceeds of which will be credited to our account, offsetting a portion of the purchase cost.

Motion was made by Commissioner Query and seconded by Commissioner Walters to authorize the General Manager to commit purchasing natural gas through Constellation Energy for a total not-to-exceed cost of \$53,013.00.

1. 6-Month Term: May – October 2023
 - a. May – September: 500 MMBTU / month at up to \$3.00 / MMBTU
 - b. October: 400 MMBTU / month at up to \$3.00 / MMBTU
2. 18-Month Term: May 2023 – October 2024
 - a. May - September, December - January: 250 MMBTU / month at up to \$3.70 / MMBTU
 - b. October – November, February – April: 200 MMBTU / month at up to \$3.70 / MMBTU
3. 30-Month Term: May 2023 – October 2025
 - a. May - September, December - January: 250 MMBTU / month at up to \$4.14 / MMBTU
 - b. October – November, February – April: 200 MMBTU / month at up to \$4.14 / MMBTU

Motion carried. All voting aye.

Motion was made and supported that the PPC meeting be adjourned at 10:00 a.m. Motion carried. All voting aye.

Pamela Holmes, City Clerk

Purchase Power Committee Meeting
 Board of Public Works
 Conference Room
 April 21, 2023

The Purchase Power Committee (PPC) meeting of the Board of Public Works Commission was held in the Conference Room of the BPW Administrative Offices, 350 E. Washington Ave., Zeeland, MI on Friday, April 21, 2023. Chairperson Boerman called the meeting to order at 7:00 a.m.

PRESENT: Commissioners – Chairperson Boerman, Vice Chairperson Cooney

ABSENT: Commissioners – None

Staff Present: Electric Power Supply & Market Operations Manager Mulder

Power Supply Manager Mulder explained the Zeeland Board of Public Works (BPW) participates in the wholesale power market through the Michigan Public Power Agency (MPPA). That participation is guided by a Power Supply Risk Management Policy, which specifies that the BPW have committed energy resources in place to supply specific levels of anticipated energy requirements extending into the future.

At the February 13, 2023 meeting of the BPW Board, energy transactions for calendar years 2025 – 2028 were recommended and subsequently approved to comply with the BPW’s hedge plan requirements. Before those transactions could be executed by MPPA staff, upward pressure in market pricing for CY2026 - CY2028 occurred, exceeding the maximum price targets. Accordingly, MPPA was able to transact for CY2025, but not beyond. On April 14, 2023, MPPA issued a revised transaction recommendation to purchase the minimum monthly energy quantities necessary to satisfy the hedge plan during this period. The previously executed PPC dated February 8, 2023, will remain in effect through 2023 (less the transaction volumes associated with this revised PPC), but will only be acted upon if risk management tools indicate favorable pricing.

The recommended purchases include a combination of On-Peak (5x16), Off-Peak (5x8, 2x24), and Around-The-Clock (7x24) transactions, summarized in the table below:

Calendar Year	Delivery Period	Transaction Details			BPW Hedge Position	
		Total Energy (MWh)	Average Price (\$/MWh)	Total Cost (NTE)	Avg. Monthly % Of Forecasted Load	Avg. Monthly % Hedged After Transaction
2026						
	On-Peak (5x16)	23,507.2	\$72.79	\$1,711,150.40	10.0%	50.1%
	Off-Peak (5x8, 2x24)	38,263.2	\$58.61	\$2,242,419.20	17.1%	50.2%
2027						
	ATC (7x24)	26,625.6	\$67.33	\$1,792,744.80	5.4%	38.2%
2028						
	ATC (7x24)	4,221.6	\$66.83	\$282,124.80	2.4%	33.2%
Total		92,617.6	\$65.09	\$6,028,439.20		

The total, not-to-exceed cost associated with these recommended volumes and products at the maximum stated strike prices yields a maximum commitment of \$6,028,439.20. These transaction(s) will be for Financially Firm Energy with physical delivery to the MISO Michigan Hub in the Day Ahead Market, at or below the monthly not to exceed limits.

A motion was made by Vice Chairperson Cooney and seconded by Chairperson Boerman to authorize the BPW General Manager (or alternate MPPA Member Authorized Representative) to commit to the purchase of the following short-term energy products totaling a maximum not-to-exceed cost of \$6,028,439.20:

1. Calendar Year 2026:
 - a. On-Peak (5x16) firm energy up to \$1,711,150.40 for 23,507.2 MWh (\$72.79 / MWh avg.)
 - b. Off-Peak (5x8, 2x24) firm energy up to \$2,242,419.20 for 38,263.2 MWh (\$58.61 / MWh avg.)
2. Calendar Year 2027:
 - a. ATC (7x24) firm energy up to \$1,792,744.80 for 26,625.6 MWh (\$67.33 / MWh avg.)
3. Calendar Year 2028:
 - a. ATC (7x24) firm energy up to \$282,124.80 for 4,221.6 MWh (\$66.83 / MWh avg.)

Motion carried. All voting aye.

Motion was made and supported that the PPC meeting be adjourned at 7:55 a.m. Motion carried. All voting aye.



Robert Mulder
Zeeland Board of Public Works
Power Supply & Market Operations Manager