

Regular Meeting  
 Board of Public Works  
 Water Warehouse  
 June 13, 2023

The regular meeting of the Board of Public Works Commission was held at the BPW Water Warehouse, 330 E. Washington, Tuesday, June 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 (Electronically), T & D Manager Coots and City Clerk Holmes

Motion was made by Commissioner Dykstra and seconded by Commissioner Cooney to approve the minutes of the May 9, 2023 Regular Meeting. Motion carried. All voting aye.

**Public Comment**

No public comment given.

**Safety Minute**

The Safety Minute this month was preventing mosquito bites. Boatright also informed the Commissioners about the new “Hands Free” Cell Phone law that goes into effect on June 30, 2023.

**Financial Reports**

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

23.038 Approve Cash Disbursements and Regular Monthly Transfers

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

Cash and Investments as of: April 30, 2023	<b>Electric</b>	<b>Water</b>
Receiving	\$627,606	\$472,947
Accumulated Debt Service (in Receiving Fund)	-	-
Plant Improvements and Contingencies	\$18,332,883	\$12,937,858
Bond and Interest Payment Reserve*	-	-
Totals	<u>\$18,960,488</u>	<u>\$13,410,805</u>

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

Recommended Transfers for the Month: April 30, 2023

	<b>Electric</b>	<b>Water</b>	
Receiving	(44,214)	(65,500)	-
Accumulated Debt Service	-	-	
Plant Improvements and Contingency	-	65,500	
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 informed the Board that Scott Freers passed his S-1 State Drinking Water License Certification.

Levandoski presented a purchase recommendation for a renewal of our contract with ESRI, which provides the software and technical support for our GIS system. This item is sole sourced due to the numerous applications and business practices that have been built using the ESRI ArcGIS Online environment.

The license term is for three (3) years at \$15,500 per year for a total of \$46,500 for the entire term. This represents a 3.5% increase over the previous three-year contract and would extend our service through August 2026.

#### 23.039 ESRI Software License Renewal

Motion was made by Commissioner Walters and seconded by Commissioner Query to award the purchase of the GIS software license renewal to ESRI in the amount of \$46,500.00. 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 informed the Board that Eric Risselada completed all apprentice lineworker classes and upon completion of 7,000 hours of field work, will become a journeyman lineworker.

Coots explained FY2024 budget amendments submitted for Board approval. Staff recommends deferring capital projects Perry 6 Distribution (\$700,000) and U/G Capacitors 104, 203, 303 (\$350,000) to reflect changes in electric system operation and fiscal responsibility, in conjunction with a budget amendment to increase the overall project budget for the Northside Substation by \$1,500,000 to \$5,000,000 in FY2024.

Perry 6 Distribution Circuit was part of a group of projects surrounding Perry Substation including Perry 5 Distribution and Perry Transformer #2. The purpose for these projects was to increase substation capacity and operate this substation in a split bus configuration and balance the load on all Perry Substation distribution feeders. Following the addition of Perry 5 Distribution, the need for additional distribution circuits in the southern portion of our service territory has softened dramatically. Due to its distance from other substations and distribution circuits, large commercial and industrial growth would be needed to fully utilize value from a Perry 6 Distribution circuit.

The need for the addition of Perry 6 was alleviated when the Perry 5 distribution project was completed. This project broke up the circuit length of Perry 3 and relieved portions of the load on Perry 2. The recloser bay in the substation is still usable for a future distribution circuit. Until new customer growth comes in the southern portions of our service territory, deferring this project until more concrete information arises seems to be the most prudent action.

Power factor plays a large role in efficiency of our distribution system, reducing heat losses in transformers and conductors. The proposed projects were to target distribution circuits with poor power factor to improve individual circuit and system efficiency. However, further investigation identified errors in the wiring of the measurement devices. These errors caused incorrect power factor measurements on Riley 3, and once wiring was corrected, circuit power factor was registering within tolerance.

Regardless of power factor correction, the capacitor bank and switchgear planned for this project were already purchased. This equipment can be used for other projects to ensure we are not stranding the investment made in this

equipment. Power factor correction is necessary to operate our system efficiently, but we currently do not have a circuit in need of the 2,400 kVAR correction already purchased.

The Northside Substation has been included in the FY 2024 budget as approved by the Board of Commissioners and City Council. The purpose of this improvement was to serve anticipated large customer loads and loads requiring dedicated main and backup circuits. Gentex NRC3 alone requires three dedicated feeds and ideally two back-up distribution circuits by 2035. Substation construction completion is estimated to be in calendar year 2023 and loading at this time will comprise mostly general facility non-production load such as lighting and HVAC. With additional production lines being added yearly through 2035 we anticipate dramatically increased load at this substation. Table 1 below illustrates the estimated schedule of load coming on-line at this new campus.

<b>NRC3 Load Growth</b>					
<b>NRC3 Campus</b>	<b>2023 (Start-up)</b>	<b>2026</b>	<b>2028</b>	<b>2034</b>	<b>2039</b>
NRC3 Connected kW	10,302	12,768	13,522	19,420	25,927
NRC3 Connected Amps @12.47kV	477	591	626	899	1,200
*NRC3 Estimated kW	6,181	7,661	8,113	11,652	15,556
*NRC3 Estimated Amps @12.47kV	286	355	376	539	720
ZBPW Circuit Capacity Needed w/ Backup (Amps)	572	710	752	1,078	1,440
<i>* ZBPW estimated 12.47kV circuit load by taking 60% of their connected equipment running</i>					

Table 1. Gentex NRC3 Load Schedule

NRC3 loading ramping up along with various other load additions on neighboring circuits over this period are the driving factors for building 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 our customers more reliably. The customer(s) benefitting from the substation addition and dedicated feeders will be contributing substantially to aid of construction.

Along with the increased load at the NRC3 site, ZBPW has received additional inquiries to serve large loads in the Northeast portion of our service territory. The Northside substation will greatly aid in our ability to serve these potential industrial customers without compromising the reliability of our existing customers.

This project has a majority of the equipment purchased including station power transformer, reclosers, motor operated interrupter switches, and various other equipment totaling \$1,987,996. Equipment pricing dramatically increased year over year, with construction costs following suit. These large cost increases are the main drivers in increasing the overall cost of the Northside Substation Project, and why I am recommending a FY2024 Capital Budget Amendment of an additional \$1,500,000 to complete the Northside Substation Project. Below is a summary of equipment purchased to date for the Northside Substation.

NORTHSIDE SUBSTATION PROJECTED COSTS			
ITEM	QTY	Unit Price	Total Price
#1) Alduti-Rupter MOIS 10'	1	\$54,362.00	\$54,362
#2) Alduti-Rupter MOIS 12'	1	\$56,672.00	\$56,672
#3) 15kV Recloser	5	\$21,691.00	\$108,455
#4) 2400kVAR Cap Bank	1	\$126,273.00	\$126,273
#5) 600A Hook Switches	36	\$789.69	\$28,429
#6) 69kV Circuit Breaker	2	\$61,990.00	\$123,980
#7) 69kV Circuit Switcher	1	\$82,280.00	\$82,280
#8) 69kV Disconnect Switch	6	\$9,122.22	\$54,733
#9) 69kV P. T	8	\$8,188.00	\$65,504
#10) 7.2kV PT	4	\$1,214.00	\$4,856
#11) Relay Control Panels	5	\$32,390.60	\$161,953
#12) 24/32/40 MVA Transformer	1	\$1,069,540.00	\$1,069,540
#13) 4/0 CU UG Cable	1000	\$19.96	\$19,959
#14) 125 VDC BATTERY	1	\$31,000.00	\$31,000
#15) SITE CONSTRUCTION **	1	\$2,403,426.00	\$2,403,426
** Contingent upon board approval			
<b>Subtotal:</b>			<b>\$4,391,422</b>
<b>Contingency (15%):</b>			<b>\$658,713</b>
<b>Engineering Design, C.A, &amp; START-UP</b>			<b>\$200,000</b>
<b>Grand Total:</b>			<b>\$5,250,135</b>
<b>Previous Budget (FY23 &amp; FY24)</b>			<b>\$3,750,000</b>
<b>Variance</b>			<b>\$1,500,135</b>

23.040 FY2024 Budget Amendment - Defer Capital Projects Perry 6 Distribution and U/G Capacitors 104, 203, 303, and Amend Budget for Northside Substation Project

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to defer FY2024 capital project Perry 6 Distribution (\$700,000.00) to a future fiscal year to be determined, to defer FY2024 capital project U/G Capacitors 104,203, 303 to a future fiscal year to be determined and amend the FY2024 budget for the Northside Substation Project to \$5,000,000.00 from the previously estimated \$3,500,000.00. Motion carried. All voting aye.

Coots explained the Northside Substation Construction bid. The Northside Substation project has come in over FY2024 Capital Budget estimates due to cost increases in substation equipment and construction. In response, staff has identified FY 2024 capital budget offsets to compensate for the NS substation cost overage and a budget amendment is being proposed as an additional action item at this meeting.

As part of our transmission and substation system improvements, we have identified the need to construct a new substation to accommodate new Gentex NRC3 Campus load along with potential commercial and industrial customers. Other than overall system capacity, ensuring we can maintain the exceptional system reliability for all of our customers is of utmost importance during system growth. Increasing system capacity in the Northeastern portion of the service territory will benefit all current and potential customers.

Equipment purchased thus far includes: station power transformer, reclosers, motor operated interrupter switches, and various other equipment totaling \$1,987,996. Site construction is the largest cost associated with this project due to the amount of site work needed to turn vacant ground into a functional substation. Site work will consist of grading the existing lot, installing the grounding grid, setting the concrete foundations, and all of the structural steel needed to

support this infrastructure. Construction of Northside Substation may begin after approval process, with targeted completion date by the end of FY2024. Newkirk has expressed interest in beginning groundwork promptly after approval and contract documentation finalized.

Two bids were received with Newkirk Electric being the low bidder.

#### 23.041 Northside Substation Construction Bid Award

Motion was made by Commissioner Query and seconded by Commissioner Dykstra to award the Northside Substation Bid Award to Newkirk Electric in the amount of \$2,403,426.00. 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 BPW's Buildings & Grounds Department would like to purchase a zero-turn mower to address increased mowing demands and limit our dependence on outside contractors. With additional properties to maintain, staff feel the need to improve its mowing efficiency or contract additional services. This request is not based on a plan to eliminate contracted landscape management services, nor do we anticipate that we possess the resources to assume those duties in their entirety.

In preparing this recommendation staff reviewed various models before settling on a specific deck size and features. Staff requested and received bids from three (3) local dealerships on two (2) classes of commercial zero-turn 60" mowers, each comparable in size, power, and features. Five bids were received with Westebroek in Holland being the low bidder.

#### 23.042 Bid Recommendation – Zero-Turn Mower

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to award the bid for a Toro FX4000 Series Zero-Turn Mower from Westebroek in the amount of \$11,455.16. Motion carried. All voting aye.

#### ***Accounting, Finance & Customer Service Update***

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

#### ***Other Business***

##### **Power Factor Billing Error Reconciliation:**

Staff provided a verbal report on this matter. It was discovered 7 businesses (9 accounts) were over-billed a total amount of \$170,092.64 through the NorthStar System for the last three years and will be getting a refund via check. Letters will be sent to these 7 businesses who have been over-charged explaining what happened, a reminder of what power factor is and a way to contact the BPW with questions. A draft communication plan was included in the Board Package.

##### **Community Grant Applications:**

We have received three (3) Community Grant Applications – Vriesland Church Outdoor Community Center, Zeeland Recreation Fitness Equipment Upgrade for Persons with Mobility Issues, and Drenthe Grove/Zeeland Twp. Park Pickle Ball Lighting and Seating. All three applications were included in the Board Packet. To be eligible to receive funding under the Community Grant Program, the applicant must be served by either the electric or water utility of the Zeeland Board of Public Works. The Vriesland Church Outdoor Community Center application does not meet eligibility requirements since the ZBPW does not provide service to this facility. The other two applications appear to meet eligibility requirements.

23.043 Award Community Grant Program Funding - TABLED

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to direct staff to Table awarding the Community Grant Program Grant Funding until requests are researched. Motion carried. All voting aye.

\*Chair Boerman abstained from voting due to a conflict of interest.

**Amended Salary Increase Plan (Appendix C of Employee Handbook):**

Boatright included in the Board Packet two memos from City Manager Tim Klunder dated May 12 and May 31, 2023 regarding the amended Salary Increase Plan. This action item was taken up for consideration by the Personnel Committee at their May 10, 2023 meeting followed by discussion at the City Council Work Study Session on May 15. City Council took the action item up for consideration and approved it at their June 5, 2023 regular meeting. Staff is now seeking Commissioner approval.

23.044 Amended Salary Increase Plan

Motion was made by Commissioner Walters and seconded by Commissioner Query to approve the amended Appendix C (Salary Increase Plan) into the Employee Handbook and to implement the plan with the start of the July 1, 2023 Fiscal Year. Motion carried. All voting aye.

**Revised Electric Rates: Voluntary Green Program:**

Boatright explained in recent months, the Zeeland BPW has been approached by several large industrial customers requesting assistance in achieving their corporate sustainability programs, particularly in the context of their electricity consumption. There are various pathways these customers are evaluating in their diligence to achieve carbon-neutrality by a date-certain including, but not limited to, constructing on-premises renewable generation, securing virtual or actual renewable resource power purchase agreements, purchasing renewable energy credits (RECs), or a combination thereof. The purchase of RECs is the simplest option available to customers desirous of attaining near-term renewable energy goals and can be transacted without entering into complicated and risky long-term commitments. An action item for the BPW from discussions with these large industrial customers is to provide a more economic means of procuring higher volumes of RECs through our Voluntary Green Pricing Program.

Our current Voluntary Green Pricing Program (VGP) Rate G allows any customer, regardless of the amount of monthly usage, to secure renewable energy (via RECs) at a rate of \$0.00939 per kilowatt-hour in blocks of 100 kilowatt-hours or in 10 percent increments of total monthly kilowatt-hour consumption. This "rate" is a rider, meaning the customer pays an additional amount attributable to the amount of renewable energy selected over and above the charges calculated under the applicable rate. Staff propose creating an additional VGP rate rider option, Rate LG, that would be available to high-volume customers who consume no less than 10,000 kilowatt-hours of electricity monthly. The rider amount for this option is proposed at \$0.00750 per kilowatt-hour and quantities must be purchased at a level of either 100 or 50 percent of the total monthly kilowatt-hour consumption.

Customers may voluntarily elect to procure RECs on their own directly and retire them without BPW facilitation. There is no requirement that customers wishing to procure additional renewable energy through RECs subscribe to one of the BPW's VGP programs. The BPW program offerings are simply options available for customers who choose not to procure or self-administer their own REC programs for whatever reason. In the case of smaller users, the cost of maintaining an account may be prohibitive or inefficient based on their needs. The BPW is pleased to provide this service so long as its costs to transact and administer the program are covered and do not impact the general rate base.

With this rate revision, staff took the opportunity to clarify that RECs eligible for retirement in the State of Michigan's MIRECs program will be used as the means of administering the program and that actual Renewable Energy charges applied under this program will be calculated to include the renewable contribution that already exists in the BPW's standard rates, but no less than fifteen (15%) percent. This has been the practice since the program's inception and staff felt it appropriate to add clarifying language to demonstrate transparency. Also, with the addition of the high-

volume electricity usage VGP program, Rate LG, it was necessary to rename the original program (e.g., Voluntary green pricing standard program).

The reduced rider amount (\$0.00750 per kilowatt-hour) for Rate LG adequately covers the current cost of RECs including administration of the program. Staff does not anticipate significant uptake on this program in the near-term and will annually, or more frequently as necessary, review these rate riders to ensure revenues generated under the program are sufficient to cover costs. This action item is in alignment with our 2022-2027 Strategic Plan Key Priority to “implement alternative retail rate structures that facilitate environmental sustainability, management of electric and water services and costs, and economic development.”

23.045 Approve Recommending Ordinance 1022 for City Council Consideration

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to approve recommending Ordinance 1022 for City Council Consideration. Motion carried. All voting aye.

**PA 95 Low Income Energy Assistance Fund Opt-Out:**

For the past several years the Board of Commissioners 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 non-payment. 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 mailed 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 to an average of 191 per month, while the number of customers issued a yellow (disconnect) tag or an orange (overdue notice during heating season) tag has ranged from 8 to 76 per month. Actual disconnects during a month in which they are permitted range between 2 to 26 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.

23.046 Approve the PA 95 Low Income Energy Assistance Fund Opt-Out

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.

**Professional Services Recommendation – Utility Financial Solutions Water Cost of Service Study:**

Boatright explained it is again time to perform another Water Utility Cost of Service Study. Utility Financial Solutions has conducted these studies for both Electric and Water Utilities for several years now and they have performed excellent work. For recent historical perspective, the last major Water COS study kicked-off sometime in 2017 and recommendations from that process were implemented over three years from 2018 through 2021. More recently Utility Financial Solutions (UFS) was engaged to develop a new method for assessing Water connection fees. The resulting recommendations were to move away from frontage and trunk charges toward a more cost-based equivalent meter fee basis. These revisions were fully implemented in 2022.

A proposal from UFS to perform a Water Utility Cost of Service study refresh with the Scope of Services was included in the Board Packet. The cost for this engagement is \$16,900. UFS has also included an estimated additional \$2,000 for a sensitivity analysis for large wholesale customer migration from wholesale to retail rate structures.

23.047 Utility Financial Solutions Water Cost of Service Study

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to approve the engagement of Utility Financial Solutions, LLC to perform a Water Utility Cost of Service Study in the total amount of \$18,900.00 plus travel expenses in accordance with their proposal dated June 2, 2023. Motion carried. All voting aye.

**MPIA Spring 2023 Board Meeting Follow-Up:**

The MPIA Board of Directors held their Spring 2023 Board meeting on Tuesday, May 30, 2023 at the Zeeland BPW Offices. Included in the Board Packet was the meeting agenda, the FY 2024 budget which was approved, and a memo from Insurance Consultant Ken Bush dated May 22, 2023 which summarizes insurance coverage renewals for the 2023-2024 coverage period and corresponding annual premiums, also approved. The Board of Directors meets twice each year. The next MPIA Board of Directors meeting date has been set for October 24, 2023 at 1:00pm in Grand Haven.

**May 9, 2023 Board Meeting Follow-Up:**

Included in the Board Packet were two action item follow-ups from the May Board Meeting: 1) The Reckitt revenue projection for the balance of this calendar year and, 2) a response form City Manager Klunder providing background on the reason for the annual BPW Marketing Contribution to the City of Zeeland. Staff welcome Commission feedback on these two items.

**Thank You:**

A thank you note was received from Kerri VanDorp, City of Zeeland Events Coordinator, for the BPW's sponsorship of this years Music on Main event.

***Upcoming Events***

- **Next Regular ZBPW Board Meeting, Tuesday, July 11, 2023, 3:30 p.m., Water Warehouse Meeting Space.**
- Zeeland Welcome Center Opening Celebration, June 15, 2023, 3:30 p.m. to 6:30 p.m., Dekker Huis Museum, 37 E. Main Ave., Zeeland
- Future Prep'd Student Kick-Off Monday, Monday, June 19, 2023, 12:00 p.m. – 1:30 p.m., BPW North Warehouse
- Future Prep'd Student Presentation, Friday, June 30, 2023, 8:30 a.m. – 9:30 a.m., BPW North Warehouse
- Zeeland Zoom, Tuesday, June 27, 2023, 5:30 p.m. – 8:00 p.m., Downtown Zeeland. The Zeeland BPW will be hosting a booth.

Motion was made and supported that the regular meeting be adjourned at 5:34 p.m. Motion carried. All voting aye.

---

Pamela Holmes, City Clerk