

Regular Meeting
Board of Public Works
Water Warehouse
March 14, 2023

The regular meeting of the Board of Public Works Commission was held at the BPW Water Warehouse, 330 E. Washington, Tuesday, March 14, 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, 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 February 14, 2023 Regular Meeting and the Budget Board Meeting on February 21, 2023. Motion carried. All voting aye.

Public Comment

No public comment given.

Visitors

County Commissioner, Jacob Bonnema, was present at today's meeting to introduce himself as the District 4 representative. He wanted to attend today's meeting to get to know what goes on at the BPW firsthand and wanted to share a public safety issue.

He met with Lou Hunt, Director of Emergency Management for the County and he informed Bonnema that right now, Ottawa County does not have an effective way to handle a chemical fire. Downtown Zeeland was identified as the #1 risk site in Ottawa County due to chemical manufacturing facilities. In the event there was a chemical fire, you need foam to fight these fires. In 2018, PFAS was removed from the foam used in chemical fires all across the state as it contaminates the water and causes cancer, so we have been without fire fighting foam since then. Hunt explained they put in a request to Commissioners last year for funds to purchase three trailers of foam without PFAS and strategically place them within the County, one of them being in Zeeland. Bonnema wanted to bring this to the BPW's attention as a chemical fire could be detrimental to Zeeland and that is why the foam is needed to contain the fire. We need to put pressure on the Commissioners to focus on this issue, which helps the entire County.

Introduction of New IT Department Employee – Todd Hower

Todd joined Information Technology on February 12, 2023 as the new IT Customer Support Lead. He and his wife Sarah have 5 daughters, four of which are homeschooled. Sienna age 7, Summer age 10, Scout age 13, Sky age 17 and Sunshine age 24. Todd and his family live in Jenison. Todd has an Associates Degree from Grand Rapids Community College and started his IT career in 1993 as a Sales and Service representative with Computer Plus. In 1997 he accepted a Service Manager position for ProComp Inc. and in 1998 he accepted a position with Kentwood Public Schools as a PC Technician. Todd recently "retired" from Kentwood Schools and selected City of Zeeland/Zeeland BPW where he hopes to complete his second retirement. Since 1995, Todd has been an active member of the Georgetown Fire Department as a Firefighter/EMT. Todd enjoys backpacking, wilderness camping and geo-caching.

IT Directory, Tim Maloney, updated the Board on IT projects.

Safety Minute

The Safety Minute this month was regarding tire safety.

Financial Reports

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

23.018 Approve Cash Disbursements and Regular Monthly Transfers

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

	Electric	Water
Cash and Investments as of: January 31, 2023		
Receiving	\$3,694	\$537,364
Accumulated Debt Service (in Receiving Fund)	-	-
Plant Improvements and Contingencies	\$18,896,093	\$13,294,569
Bond and Interest Payment Reserve*	-	-
Totals	<u>\$18,899,787</u>	<u>\$13,831,933</u>

* Reserve required per electric and water revenue bond ordinances.

Recommended Transfers for the Month: January, 2023

	Electric	Water
Receiving	(44,214)	(129,900)
Accumulated Debt Service	-	-
Plant Improvements and Contingency	-	129,900
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.

Transmission and Distribution Operations

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

Coots reported that Mike Burgess and Chris DeJonge answered a call for mutual aid to Hillsdale; and Chad Brower and Eric Risselada assisted in Hart and Newaygo following the ice storms that affected the area in the last month. Their assistance was deeply appreciated.

Coots is recommending a purchase of 2S CL200 electric meters from Eaton. These electric meters are sole sourced due to our existing Eaton AMI system. Currently, lead times have increased causing procurement challenges regarding residential electric meters. Rapid residential growth across all areas of our service territory is one of the main drivers for securing this quantity of electric meters. This material is crucial to ensure new residential electrical services are not delayed and we can provide the best customer service.

23.019 Bid Recommendation – Electric Meters

Motion was made by Commissioner Query and seconded by Commissioner Dykstra to award the purchase of 200 2S CL200 Itron Meters to Eaton in the amount of \$21,852.00 plus freight charges of \$874.08 for a total purchase price of \$22,726.00. 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 Public Works (BPW) has adopted an Energy Risk Management Policy Statement ratifying the MPPA Power Supply Risk Management Policy (PSRM) 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 (MAR), recognizes the designated alternate MAR should the General Manager be unavailable, and establishes internal authority limitations for transactions involving electric energy, transmission, capacity, and other commodities related to the BPW's power supply.

To best serve its members, MPPA staff recently revised its Power Supply Risk Management Policy (PSRM) to include several changes. At the February 8th, 2023 meeting of the MPPA Internal Risk Management Committee (IRMC), MPPA staff recommended and the committee approved the revised PSRM policy as proposed. A high-level overview of these changes include:

- Various cleanups to terminology throughout the PSRM document
- The IRMC Chair position and responsibilities were changed from the CFO to the Director of Market Risk & Technology Services
- Removed MPPA staff's internal process approvals as they will be maintained elsewhere
- Added Strategic Resource Transaction Requirements
- Added Management Exception to the Policy
- Changed the Hedge Plan elections to include either the Stability Plan (9-year horizon) or Self-Directed Plan; eliminating other plans to streamline the policy
- Added a table for the 9-year hedge ranges of the Stability Plan (increased from 5-year horizon)
- Removed Execution Strategies: Will be part of MPPA staff's internal process approval
- Updated Natural Gas Limits to apply to any natural gas purchases (presently, it only applies to fuel for the MPPA Kalkaska CT project)
- Updated Emission Transaction Limits

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 and include provisions for the designated alternate MAR to act in place of the General Manager if necessary.

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 consistently elected the 'Stability Plan' as its hedge plan strategy. BPW staff does not believe that changes to either the hedge plan strategy or elective services are necessary and has returned the completed election form indicating as such.

23.020 Energy Risk Management Policy Statement Revisions

Motion was made by Commissioner Dykstra and seconded by Commissioner Query to approve the revised Energy Risk Management Policy Statement, which ratifies the revised MPPA Power Supply Risk Management Policy (February 8, 2023) used to govern its power supply risk management and hedging strategies. If approved, these changes must also receive approval by the Zeeland City Council to be implemented. Motion carried. All voting aye.

Mulder reported the BPW's Washington Ave. Generation Facility (Power Plant) includes a small masonry constructed outbuilding adjacent to the recently replaced 10,000 gallon above ground storage tanks (AST's), referred to as the Fuel Oil Pump House. This building houses ancillary equipment that supports the operation of the fuel oil supply system for the Plant. Although the building is structurally sound, it is due for some routine maintenance including replacement of the roof, service entrance door, windows, general interior / exterior painting, and related upgrades. This project was included in the FY2023 CIP budget, and scheduled to follow replacement of the new AST's, piping, and other equipment inside the building. That work has now been completed.

Bids to complete the scope items listed above were requested and received from several local contractors. The estimated project cost based on the bid recommendations is \$14,751.00. Staff also intends to repaint the building's interior and exterior, replace light fixtures and perform other improvements using staff labor at an estimated cost of \$2,500.00 for materials. Allowing \$2749.00 for contingency, a project budget of \$20,000.00 is requested.

23.021 Power Plant Diesel Pump House Building Improvements Bid Recommendations

Motion was made by Commissioner Query and seconded by Commissioner Walters to award a contract in the amount of \$7,501.00 to DVD Buildings, LLC for demo and replacing steel doors/frame & windows and \$7,250.00 to Stoney Creek Services, Inc. for a seamless roofing system and set a project budget of \$20,000 as presented. Motion carried. All voting aye.

Mulder explained on December 23, 2022, at 18:00 EST, an Emergency Operations Load Modifying Resource (LMR) Deployment notification was received from MISO as the electric system was operating under emergency conditions due to higher than forecasted load and forced generation outages. While responding to this event, the BPW's Unit #10 experienced an engine malfunction which caused it to trip offline, followed by an immediate shutdown.

A preliminary investigation indicated that a scored piston and cylinder liner on the 3rd cylinder of the right-hand bank to be the probable cause. An in-depth evaluation confirmed that diagnosis, along with a seized piston pin / bushing on that cylinder and two cracked cylinder heads. The BPW was fortunate to have a spare power piston, cylinder liner, and two rebuilt cylinder heads in inventory, all of which were inspected and used to complete the repairs along with various small parts. The unit was thoroughly inspected, repaired, and returned to service on January 27, 2023.

At the January 10, 2023, meeting of the BPW Board, a project budget of \$100,000 was approved to complete the emergency repairs, including a \$90,000 Not-To-Exceed professional services contract to Wheeler World Inc. and a project contingency of \$10,000. This tentative budget included a replacement cylinder liner and power piston in addition to labor and miscellaneous material. To date, a total of \$73,530.00 has been invoiced by Wheeler World Inc. for the diagnosis and repairs, excluding the spare parts removed from BPW inventory. An estimate for replacement of those parts was provided by Wheeler World Inc., totaling \$45,106.78 plus freight. Because these parts were removed from BPW inventory to complete these repairs, the cost of replacement should be allocated against the project. The total anticipated project cost is \$125,000 including an allowance for freight, exceeding the \$100,000 approved budget.

On the advice of Larry Wheeler, the purchase of a second power piston for inventory is recommended at a cost of \$8,461.54 plus freight. Due to increased difficulty in sourcing these components and escalating prices, having a second spare on-hand is prudent, particularly as the piston and liners are compatible with all three of the BPW's Cooper-Bessemer generating units (#9, #10, #11). The replacement rebuilt cylinder heads are directly interchangeable with Units #9 & #10 and can be used on Unit #11 by reconfiguring the valves and seats.

23.022 Power Plant Unit #10 Engine Repair – Replacement Parts Recommendation

Motion was made by Commissioner Dykstra and seconded by Commissioner Query to increase the emergency expenditure budget to repair Unit #10 to \$125,000.00 to facilitate the purchase of components removed from inventory, which total an estimated \$50,000.00 and that an additional power piston be purchased for inventory at an estimated

cost of \$9,000.00 and that these materials be sole sourced through Wheeler World, Inc. for an estimated total of \$59,000.00. Costs associated with the repair of Unit #10 will be allocated against the FY2023 Capital Improvement Plan, and the second spare power piston allocated to inventory. Reimbursement of expenses exceeding the BPW's insurance deductible will be evaluated, as will the use of funds held through MPIA. Approval is also subject to approval by the City Council. Motion carried. All voting aye.

Accounting, Finance & Customer Service Update

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

Other Business

FY2024 Budget:

The February 21, 2023 Special Meeting to review the ZBPW FY2024 Budget was tremendously valuable. The Leadership Team very much appreciates the Commissioners' willingness to make time in their busy schedules to meet and to devote quality time for budget review. Since the time of this meeting, the Leadership Team has made adjustments based on feedback received from the Commissioners. Most adjustments have occurred in the Water Utility budget as we've reassessed the impact on revenues from the anticipated reduction of usage at Reckitt. In addition, we've identified certain Water Utility operating expenses that can be reduced or deferred. Staff provided a review of changes along with the impact on Electric and Water Utility five-year financial projection scenarios.

23.023 Zeeland BPW Fiscal Year 2024 Budget Recommendation

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to approve recommending the Zeeland BPW Fiscal Year 2024 Budget for City Council Consideration. Motion carried. All voting aye.

Michigan EGLE Drinking Water Asset Management (DWAM) Grant Award:

The Zeeland BPW Water Utility has been awarded a grant in the amount of \$17,994 from the Michigan Department of Environment, Great Lakes, and Energy. The grant covers costs associated with performing the required Distribution System Materials Inventory (DSMI) and drinking water Asset Management Plan (AMP). The Water team has already performed the DSMI portion of the project which involved determining the composition of materials for 193 service lines. This work was completed from January through November 2022. There may be the ability to request a funding draw for this portion of the grant proceeds once grant acceptance is approved. The AMP component of the project has yet to be completed and will be updated based on water system criticality assessment and capital improvement planning. Information gathered will be incorporated into an existing Geographic Information System database and water system maps will be developed. A copy of the DWAM Grant Agreement is attached for reference. Staff requests Commissioner approval to accept the DWAM grant in the amount of \$17,994.00.

23.024 Approve Acceptance of the Michigan EGLE Drinking Water Asset Management (DWAM) Grant Award

Motion was made by Commissioner Query and seconded by Commissioner Walters to accept the Michigan Department of Environment, Great Lakes, and Energy DWAM Grant in the amount of \$17,994.00 and authorize the Zeeland BPW General Manager to execute the DWAM Grant Agreement contingent on Zeeland City Council approval. Motion carried. All voting aye.

BPW Strategic Action Plan Update:

The Leadership Team has developed an action plan as an outcome of the BPW 2022-2027 Strategic Plan. The action plan is an offshoot of the Key Priorities identified in the Strategic Plan. Included in the packet was a workbook that contains a listing of action items under each of the Key Priority headings. The action items are derived from our annual operational initiatives including, but not limited to, capital projects, program initiatives, utility rates, and policies. This list will be updated periodically to reflect progress made and will become a working document that is reimaged each fiscal year and appended to the Strategic Plan document.

Dekker House Museum Update:

The Board of Commissioners awarded a \$15,000 Community Grant to the Zeeland Historical Society in the FY2023 grant cycle at the June 2022 Board of Commissioner meeting. Grant funds were requested to establish a Welcome Center at the Dekker Huis Museum including beautification of the museum, the procurement of desks, shelving, laminate flooring or carpeting upgrades, paint and trim work. Included in the packet was an update on progress made to-date from Zeeland Historical Society Director Katelyn VerMerris.

Upcoming Events

- **Next Regular ZBPW Board Meeting, Tuesday, April 11, 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**

Motion was made and supported that the regular meeting be adjourned at 5:24 p.m. Motion carried. All voting aye.

Pamela Holmes, City Clerk