

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

The regular meeting of the Board of Public Works Commission was held at the BPW Water Warehouse, 330 E. Washington, Tuesday, November 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: BPW General Manager Boatright, Electric Power Supply & Market Operations Manager Mulder, Utility Accounting & Finance Manager Chrisman, IT Director Maloney and City Clerk Holmes

Motion was made by Commissioner Dykstra and seconded by Commissioner Query to approve the minutes of the October 10, 2023 Regular Meeting. Motion carried. All voting aye.

Public Comment

No public comment given.

Safety Minute

The Safety Minute this month was regarding Driving Slow on Ice & Snow.

Financial Reports

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

23.071 Approve Cash Disbursements and Regular Monthly Transfers

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

Cash and Investments as of: September 30, 2023	Electric	Water
Receiving	\$1,194,004	\$500,274
Accumulated Debt Service (in Receiving Fund)	-	-
Plant Improvements and Contingencies	\$17,477,491	\$11,708,940
Bond and Interest Payment Reserve*	-	-
Totals	\$18,671,494	\$12,209,214

* Reserve required per electric and water revenue bond ordinances.

Recommended Transfers for the Month: September, 2023

	Electric	Water
Receiving	(49,610)	(28,100)
Accumulated Debt Service	-	-
Plant Improvements and Contingency	-	28,100
General Fund (per charter provision)	49,610	-

Motion carried. All voting aye.

Water Operations

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

Boatright explained that the Zeeland BPW Water Department has successfully implemented an Advanced Meter Infrastructure (AMI) pilot program, leveraging cutting-edge Sensus technology. As of the present, ZBPW has installed (680)

AMI water meters, encompassing a diverse range of manufacturers and sizes, which include Sensus, Master Meter, Kamstrup, and Neptune meters.

Previously, the ZBPW Water Distribution System has predominantly utilized Kampstrup water meters for larger diameter measurements, typically in the range of 1.5" to 4". The seamless compatibility of Kampstrup water meters with the Sensus AMI platform is a testament to its "plug & play" capability.

In this regard, we have been recently apprised of an exceptional opportunity presented by Hydro-Corp, a distinguished Water Products Distributor. They are currently offering (450) 5/8" x 3/4" and (44) 2" Kamstrup Advanced Water Meters at an exceedingly attractive discounted rate. This opportunity has arisen as the Kamstrup water meter manufacturer is undergoing a transition in its Michigan distribution from Hydro Corp to another qualified Michigan distributor. Hydro Corp has made the decision to divest its existing inventory of Kampstrup water meters at a significantly reduced cost. As staff was only recently made aware of this opportunity, we just missed being able to place an action item on the October Board of Commissioners meeting agenda and the window of opportunity to secure this deal closes well before November Board meeting. City Council approved this recommendation on October 16, 2023 pending ZBPW Board approval.

Bidder Name	Bidder Location	Quote	Description	Comments
ETNA Supply	Grand Rapids	\$72,000	(450) - 5/8" Meters \$160 each	
Hydro Corp	Grand Rapids	\$63,016.80	(44) - 2" Meters \$1432.20 each	Price from last invoice 9/25/2023
Hydro Corp	Grand Rapids	\$47,475	(450) – 5/8" Meters \$105.50 each	Recommendation Savings (\$24,525)
Hydro Corp	Grand Rapids	\$37,620	(44) – 2" Meters \$855 each	Recommendation Savings (\$25,396.80)
	Total	\$85,095		Total Savings: (\$49,921.80)

23.072 Bid Recommendation – AMI Water Meter Purchase

Motion was made by Commissioner Query and seconded by Commissioner Dykstra to approve the purchase of Kampstrup water meters in the total amount of \$85,095 from the sole source supplier Hydro Corp. The purchase of the water meters totaling \$85,095 is included in the FY2024 Capital Improvement Budget and overall CIP Budget for water meter replacements. Motion carried. All voting aye.

Transmission and Distribution Operations

Boatright updated the Board on activities including the T & D Department Report.

Boatright reported as our organization continues to grow and expand its operations, there is a growing need for skilled personnel within our Transmission & Distribution team. In conjunction with this growth, one of our current Electric Line Worker / Electric Service Workers has recently been promoted to the previously vacant Electrical Engineer position. This change in personnel now requires us to fill the vacated Line Worker / Electric Service Worker position. Our preference is to fill the vacant Line Worker / Electric Service Worker position with a Line Worker Apprentice. Our department is small and it is vital that when changes in personnel occur, we are intentional about maintaining a succession plan that upholds our Core Values of Safety, Family-Oriented Workplace Culture, Integrity, Continuous Improvement, and Service & Stewardship. To this end, we anticipate the retirement of the Lead Line Worker within the next three to five years and we feel it would be prudent to take this opportunity to ensure adequate staffing and succession for the foreseeable future.

The Line Worker Apprenticeship training process requires 7,000 hours of on-the-job experience along with coursework through Wolverine Power Cooperative’s Joint Michigan Apprenticeship Program (JMAP), a training resource the BPW has used to train our Apprentice Line personnel for many years. It takes roughly four years to complete the JMAP training to attain licensure as a Journey Line Worker, thus eligibility to become a Line Worker / Electric Service Worker. In anticipation of staff departures due to retirement, we would like our veteran (Journey) Line Worker personnel to mentor the new

Apprentice personnel for the duration of time these veterans remain in-service. Our system is unique in the fact that roughly 80 percent of all primary distribution is underground, and the current Line Worker / Electric Service Worker crew has installed a majority of this system. Transferring this institutional knowledge is crucial to maintaining excellent utility service.

Introducing an additional Electric Line Worker Apprentice position will not only strengthen our workforce but also provide opportunities for professional development and career advancement within our organization as has been demonstrated by the previously mentioned recent promotion. This initiative aligns with our commitment to fostering a skilled workforce and ensuring the continued success of our Electric Transmission & Distribution department.

At their meeting on Tuesday, October 24, 2023, the Personnel Committee approved this action item for City Council consideration. At their regular meeting of November 6, 2023, City Council approved the addition of one (1) Electric Line Worker Apprentice position. The FY 2024 Personnel budget appropriations are sufficient to support this proposed staffing revision.

A discussion commenced on whether this is something we need to do now or in the future. The Board would like more time to review this request.

23.073 Approval for Additional Line Worker Apprentice Position - TABLED

Motion was made by Commissioner Walters and seconded by Commissioner Dykstra to Table the approval for one (1) Electric Line Worker Apprentice position until the December, 2023 meeting. Motion carried. All voting aye.

Electric Power Supply & Market Operations

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

Accounting, Finance & Customer Service Update

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

Plant Improvements and Contingency Fund Discussion

At the October 10, 2023, Board Meeting, staff committed to developing a strategy to educate the Board of Commissioners on the complexities and execution of the Plant Improvements and Contingency equation to determine if, after providing for the adequate maintenance and operation of the plants and distribution systems, moneys are available to transfer to the "Electric Improvements and Contingency Fund".

The last transfer to the Electric Improvements and Contingency Fund was in June of 2021.

The most recent Electric Cost of Service Study was conducted by UFS in late 2021/early 2022. This Cost-of-Service Study used financial data from 6/30/2021 and earlier. In June 2022, Mark Beauchamp met with the Board to recommend three years of 1.5% electric rate increases to cover estimated operating and maintenance expenses, anticipated Capital Improvement Plan expenditures, and cash balances. At this time, the Board consented with staff to hold off on a rate increase until an analysis of the utility's cash reserve requirement, the availability and target balance of cash held as investments in liquid securities at the MPIA, and the availability of cash held as investments in liquid securities at the MPPA.

After the October Board Meeting, Chrisman recorded data from each monthly Cash Statement from July 2019 to August 2023 presented to the Board. From each report, she documented the beginning cash balance of the Plant Improvements and Contingency, monthly project expenditures, cash transfers, 10% of budgeted expenditures less depreciation and the following month's general fund transfer. After collecting this data, she created a test template to confirm the executed equation to determine if the Electric Fund collected surplus funds above and beyond operations, maintenance, and capital project spending.

At the following staff meeting, she presented this information to the Leadership Team. The team was able to help determine that more information was needed. The Leadership team helped with suggestions on how to present the information. More data was gathered, and more information was organized to educate staff and Commissioners.

A few weeks later, Mulder suggested showing the correlation between the decrease in cash and the increase in system investment. This meant that monthly data needed to be pulled of total cash and investments, net construction in progress (also known as capital projects), electric fund assets (land, land improvements, buildings, office equipment, and vehicles), asset depreciation, electric system (fuel holders, prime movers, accessory, substation, OH conductors, UG conductors, transformers, services, meters, street light, transmission, tools, communication, SCADA, primary overhead lines, primary underground lines, secondary overhead lines, and secondary underground lines), and electric system depreciation.

This study also identified the calculation of subtracting monthly capital project expenses from the Plant Improvements and Contingency Fund is, in fact, to ensure that all system and asset upgrades and replacements are taken from this fund.

The exercise of scrutinizing thirty-six months of cash data was bountiful and educational. It gave Andy and Chrisman an opportunity to speak with Utility Financial Solutions' Mark Beauchamp, Jillian Jurczyk and Mike Johnson, City of Zeeland's Assistant City Manager and Finance Director, Kevin Plockmeyer, and an impromptu analysis with Jillian Jurczyk to talk through the cash balances, confirm the equation, and its factors.

A third Leadership Team discussion was held close to the packet deadline to receive feedback on the most recent developments in the creation of materials to explain the complexities and execution. This discussion proved that Chrisman was getting closer, but still needed to add some further information. Taking all the time allotted, she developed a slide presentation that attempts to illustrate the mechanics of the Plant Improvements and Contingency calculation and why transfers have not been made since June of 2021.

Chrisman gave a Power Point Presentation and reviewed the steps and equations with the Board.

*Commissioner Query left the meeting.

Summer Event Intern Recommendation

Fostering a visible, education based, and supportive relationship with the community has been a long-standing priority for the Zeeland Board of Public Works. Through outreach, promotion, and community events, education surrounding water and electricity has been a key focal point. The Zeeland Board of Public Works is looking for ways to strengthen our current representation within the community.

ZBPW staff feel that an addition of a summer event intern is the most effective strategy to improve brand awareness, strengthen relationships between staff and customers, and expand awareness and education of public utility, electricity, and potable water.

Summer events provide staff with multiple opportunities to engage with the community. During these months, ZBPW is involved with many events like Zeelmainia, the Fire Rescue Pig Out, Zeeland Zoom, and more. Extra hands will ensure we are represented well and have a strong presence in the community. An intern will be gaining hands-on experience while assisting with the coordination of staff participation, event set up, giveaways, and more.

Public Power Week is also a pivotal time to connect with customers. The lack of a strong community presence for Public Power Week in previous years has shown the need for staff to set a new precedent in 2024. Fun and educational events for the whole community will be planned and prepared by the summer event intern.

Staff hopes to partner with a local student to fill this intern role to not only assist the ZBPW, but also help to nourish and educate future generations. For many students, internships are the bridge from education to the workplace. They are a student's first opportunity to glimpse into the world of business and see how the concepts they learned in school truly apply. Providing opportunity and education to the youth of our community will continue to ensure the legacy of Zeeland.

The alignment of dedication, initiative, and enthusiasm between an intern and the ZBPW is important both internally and externally. Staff believes that the right candidate will go above and beyond for the BPW, maintaining a sense of community and creating a brighter future for all.

The American Public Power Association offers funding that could off-set the cost of adding an intern to our staff. Through their Demonstration of Energy & Efficiency Developments (DEED) program, project grants and scholarships support

research and innovation. These scholarships nurture utility workforce development and introduce students to careers in public power.

If approved, staff plans to post the job description and opportunity to COZ website, Hope College Intern Board, Indeed and various other job boards with plans to onboard Mid-May of 2024. Anticipating a heavy workload in May and June, staff have estimated the FY2024 Budget to be affected by an additional \$1,848 expenditure in Part-Time labor and \$141.37 in FICA taxes for a total increase of \$1,990. Staff have envisioned this position working a 10–22 hour work week with a compensation of \$14/hour. No benefits are offered for this position.

23.074 Summer Event Intern - TABLED

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to postpone approval of the addition of an Intern Event Coordinator, pending pursuing a DEED Grant from the APPA. Motion carried. All voting aye.

Chrisman explained Utility Financial Solutions, LLC (UFS) is an internationally known firm with a long-standing relationship and history of assisting municipalities with financial analysis and are recognized experts in the utility field. UFS has been Zeeland BPW's preferred financial solutions partner since 2007. Over the years, UFS has performed cost of service studies, feasibility studies, rate designs and fee analysis for both the water and electric funds.

The most recent Electric Cost of Service Study was conducted by UFS in 2022. In June 2022, Mark Beauchamp met with the Board to recommend slight electric rate increases to cover both operating and maintenance expenses and anticipated Capital Improvement Plan expenditures. It was recommended that these rate changes take effect in October of 2022. At this time, the Board consented with staff to hold off on a rate increase until an analysis of the utility's cash reserve requirement, the availability and target balance of cash held as investments in liquid securities at the MPIA, and the availability of cash held as investments in liquid securities at the MPPA.

In September at this year's APPA Business & Finance Conference, Chrisman attended Dawn Lund and UFS's pre-conference session related to minimum cash balances, financial projections, days cash on hand, rate of return, debt coverage ratio, and the codification of a minimum cash policy. During this session, she was able to ask for feedback and hear opinions from other Utilities around the country. This interactive session allowed for her to ask pointed questions and return a broadened view on the effects of not implementing rate changes to current rate payers.

During networking time, Mark Beauchamp, Jillian Jurczyk, and Chrisman were able to casually discuss the most recent cost of service study, the function of the MPIA, the Plant Improvements and Contingency Fund and other Electric Fund financial matters. On October 20, 2023, staff met with representatives from Utility Financial Solutions, LLC (UFS) to formalize these discussions. Based on the call, UFS has submitted a proposal to provide a financial projection update.

Deliverables include assessment and establishment of key financial targets – days cash on hand, rate of return, debt coverage ratio, age of system, general adequacy of infrastructure re-investments, general rate design observations, separated enterprise funds, observations about transfer to City and cash vs. utility basis – review calculation for plant contingencies, determine the appropriate contribution to MPIA, review available cash, and three-year rate design.

This expenditure is not included in the FY2024 Operating and Maintenance Budget, however, staff feels that partnering with Utility Financial Solutions will allow Zeeland BPW access to their expertise navigating complex financial challenges, ultimately creating long-term financial stability for the Zeeland Board of Public Works. As a provider of financial professional services, the BPW Finance team did not need to solicit bids for these services, as identified in Section 5.04 of the City of Zeeland's Purchasing Policy. Due to the nature of these projects, UFS will bill on an hourly basis. UFS provides a good faith estimate of \$11,500.

Financial due diligence for a public utility includes continuous testing of legacy assumptions and activities. A key practice that helps ensure that each utility is carrying its own burden, is an allocation study. An allocation study provides a method to allocate expenses that are not directly identifiable to a particular fund. The goal is to allocate "shared" expenses on a consistent, fair, and equitable basis. As a significant portion of operating and maintenance expenses, unverified allocations can put unfair upward pressure on the respective enterprise fund rates.

By analyzing appropriate cost drivers for each cost causation, cost drivers will be readily identifiable. This may include number of meters, number of personnel, square footage, number of computers, and so forth. Cost drivers and allocation of costs will be reviewed and allow for understanding of the ultimate allocation for staff explanation. The allocation study was included in the accounting department's FY2024's Operating & Maintenance Budget and as an organizational indicator of service offerings.

The allocation study will include four anticipated meetings – kickoff, data verification, draft reports review and final report with management. Zeeland BPW will also receive a power point summary and executive summary.

As a provider of financial professional services, the BPW Finance team did not need to solicit bids for these services, as identified in Section 5.04 of the City of Zeeland's Purchasing Policy. Due to the nature of this projects, UFS will bill on an hourly basis. UFS provides a good faith estimate of \$8,500 for completion of the allocation study.

23.075 Electric Fund Financial Review & BPW Allocation Study Services Recommendation

Motion was made by Commissioner Walters and seconded by Commissioner Dykstra to approve engaging with Utility Financial Solutions, LLC, to perform a financial projection update and an allocation study for an estimated total of \$20,000.00. Motion carried. All voting aye.

Other Business

Broadband Discussion

The 2023 City of Zeeland Strategic Action Plan includes an action step for City-wide broadband services. Such an action step has existed in prior years' Strategic Action Plans. Recall way back in early 2022, in hopes of possibly gaining some traction on this matter, the City engaged consulting firm CTC Technology and Energy (CTC) to conduct a series of learning sessions to explore possible broadband models for the City to consider. The following is our action step for 2023. *“By December 31, 2023, create an internal work group for the purpose of evaluating the broadband implementation models outlined in the CTC Technology & Energy ‘Summary of broadband goals and recommended next steps for the City of Zeeland’ memo dated May 5, 2022 and seek input from City Council and the Board of Commissioners on a recommended course of action.”* The internal work group is comprised of Boatright, IT Director Maloney, and Asst. City Manager Plockmeyer. Our work group is recommending as a first step, formalize ZBPW's position on their preference(s) of broadband business models in which to further investigate.

Included in the packet was a summary memo which describes five (5) potential broadband models for consideration with recommendations based on input provided by staff and elected and appointed officials during the learning sessions held in early 2022. CTC's recommendations align with the City of Zeeland's and the Zeeland Board of Public Works' intentions to not pursue full municipal deployment of fiber infrastructure. Instead, to proceed with cultivating a public-private collaboration under Model 1 (private investment) or Model 2 (lease of backbone conduit/fiber). CTC further recommended the City retain Model 5 (anchor tenant) as an option while developing the public/private collaboration as an incentive to attract the right private entity if combined with Model 1 or Model 2.

What staff would like the Board of Commissioners to do at this time is to formally motion on the desired direction which will then help to solidify a potential broadband strategy that staff can pursue in future months. It was suggested to send a survey card to residents to see if there is an interest.

23.076 Provide Direction to Solidify a Potential Broadband Strategy

Motion was made by Commissioner Walters and seconded by Commissioner Dykstra to move that the City of Zeeland pursue a Public-Private Collaboration under Model 1 (Private Investment) or Model 2 (Lease of Backbone Conduit/Fiber) and to retain Model 5 (Anchor Tenant) as an option while developing the Public-Private Collaboration as an incentive to attract the right private entity if combined with Model 1 or Model 2. Motion carried. All voting aye.

City of Zeeland 2024 Health Insurance Renewal

Boatright included a memo from City Manager, Tim Klunder, in the packet regarding the 2024 health insurance renewal.

Klunder reported for 2024, our proposed rate increase from the Western Michigan Health Insurance Pool (WMHIP) is 4.25% while the city's hard cap is set at 4.1%. The 4.25% is the Pool average for 2024. This continues a trend of the Pool having increases that are below market trend (see attached graph). The Pool has proved to be a good health insurance option for us as we have received good health coverage, have been able to offer employees three different plan options, and our renewals have not witnessed large swings (high or low). The consistency of the Pool comes from participating with other entities, rather than being on our own.

The Pool offers a rate protection policy which keeps organizations in the Pool from having large fluctuations in their annual rate adjustment because of large claims. The Pool does this by removing large claims based on an entity's size and instead spreads them across all other units (rate protection). The smaller the size unit, the more they remove claims (over \$25k in our case) in order to rate protect the unit from a "catastrophic" claim which would create large swings in rate adjustments from year to year. When they removed our large claims in this year's rate calculation, our loss ratio decreased from 169% to 89%, thus making our proposed rate increase the Pool average of 4.25% versus something much higher without rate protection.

Also included in the packet was the employee contribution calculation for 2024 if no city-initiated health plan changes are made (no voluntary changes are recommended). In summary, the bi-weekly amounts for employees on a family plan would be \$90.52 - \$153.42; for two-person coverage the bi-weekly amounts would be \$117.60 - \$152.99; and single coverage bi-weekly amounts would be \$35.64 - \$46.77. These amounts equate to family plan increases on a bi-weekly basis of \$1.67 - \$7.37; for two-person coverages the bi-weekly increases would be \$2.51 - \$7.10; and single coverages bi-weekly increases would be \$0.29 - \$2.32. On an annual basis, the increases would range from \$7.66 (single) - \$191.64 (family). On a percentage basis, employees would pay between 11% - 20% of the annual plan cost depending on the plan they choose.

For the city's part, our annual increases would range from \$303.38 - \$827.40. As a reminder, the city is capped at the 4.1% increase under the hard cap formula for 2024. For Fiscal Year 2023/2024, the city did budget for a 3.5% hard cap increase. Given the actual hard cap is slightly more than we budgeted, it will be an additional \$3,469 in health insurance costs, but easily tolerable within our various budgets.

One change that will need to happen in our plan offerings for 2024 is that our current high-deductible plan of \$1,500 (single coverage) and \$3,000 (two-person or family) will need to increase to \$1,600/\$3,200 per IRS regulations in order to qualify as a high-deductible plan. Consistent with our past practice, we are not recommending that we increase the amount contributed into an employee's H.S.A. so those amounts would remain at \$625 (single) and \$1,250 (two-person or family).

23.077 Approve City of Zeeland 2024 Health Insurance Renewal

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to approve the renewal of the 2023 health plans for active full-time employees with the Western Michigan Health Insurance Pool for the 2024 calendar year. Motion carried. All voting aye.

City of Zeeland 2024 Retiree Health Insurance Renewal

Klunder reported in his memo, on an annual basis we review our health/prescription drug coverage for our Medicare eligible retirees and their spouses. Since 2011 we have provided this coverage through Priority Health.

Our leadership team is recommending that we again offer coverage through Priority Health. As a reminder, under the City's Retiree Health Benefit Policy the city limits the amount we will pay on premium increases to 3% and we will not pay more on a percentage basis than what we have paid in the past (if the rate increase is less than 3% for example).

With our recommendation to renew with Priority Health at the existing coverage levels, the monthly premium will increase by 4%. The 2024 rate of \$264.26 is \$10.17 more per month than in 2023 (last year's increase was \$12.10) and it remains significantly lower than what we have paid in the past (as high as \$330.44). The breakdown for calendar year 2024 would have the city pay \$195.18 (3% cap on last year's \$189.49) per month per retiree and the retiree is calculated to pay \$69.08 per month which is an increase of \$4.48 per month. At these dollar amounts the city would be paying 74% of the retiree health/Rx premium for a retiree in 2024. As a reminder, for the retiree's spouse the city pays 50% of the amount we pay for the retiree with the spouse paying the premium difference (\$166.67). Because of the funded status of the City's OPEB (Other Post-Employment Benefits - Retiree Health Insurance) Fund, the City's portion of the retiree's health insurance costs will be paid by the OPEB Fund.

While the Medicare supplemental insurance rate is only increasing by 4%, the rate for the non-Medicare eligible spouse is increasing by 11.1%, from \$1,039.76 per month to \$1,155.19 per month. As a reminder, per our policy, a retiree or spouse pays the full amount of their health insurance costs until they reach age 65. We currently do not have any retiree or spouse on the under 65 plan.

The Personnel Committee did review this matter at their October 24 meeting and they unanimously agreed with our leadership team's recommendation to renew our retiree health insurance with Priority Health for 2024.

23.078 Approve City of Zeeland 2024 Retiree Health Insurance Renewal

Motion was made by Commissioner Walters and seconded by Commissioner Dykstra to approve the renewal of the City of Zeeland 2024 Retiree Health /Rx coverage with Priority Health as presented. Motion carried. All voting aye.

City of Zeeland Dental Plan Renewal

Klunder reported we received our 2024 dental renewal quote from Delta Dental which provides a 3.4% increase over our existing 2023 rates. This would be the first rate increase from Delta Dental since January 1, 2022. For comparison purposes, our insurance consultant (Gallagher Benefits Services) informed us that the dental trend has been around a 4% average annual increase.

As we have previously noted, from a human resource perspective, we have been very pleased with Delta Dental from both an administrative standpoint and employee satisfaction standpoint and in spite of the 3.4% increase, our leadership team feels the stability and satisfaction of Delta Dental warrants a renewal with Delta Dental for 2024 dental insurance coverage.

From a budget perspective, the annual dental premium to the City/BPW is estimated to be just over \$75,000. This is within the city's budgeted amount of \$76,950. From an employee perspective, our contribution policy currently does not require an employee contribution for dental coverage. We recommend that does not change. From a retiree perspective, a retiree only policy would increase from \$3.85 per month to \$4.09 while a spouse only policy would increase from \$17.66 to \$18.32 per month (they receive 50% of the retiree benefit amount). An attached spreadsheet shows the retiree rate calculation.

23.079 Approve City of Zeeland 2024 Dental Plan Renewal

Motion was made by Commissioner Walters and seconded by Commissioner Dykstra to approve the renewal of the City of Zeeland 2024 dental insurance plan with Delta Dental at the rates provided in their October 9, 2023 quote. Motion carried. All voting aye.

Health/Rx/Dental Funding Policies Amendment

In Klunder's memo, he explained since 2018, the city's health insurance funding policy states that full-time employees with health insurance pay the health insurance premium (which includes any H.S.A. contribution by the city) above the state mandated hard cap established by Public Act (PA) 152. As a reminder, PA 152 requires a city to adopt hard caps, have employees pay a minimum of 20% of premiums, opt-out of PA 152, or face a reduction in CVT payments. For 2024, the state hard cap will be 4.1%. Our leadership team recommends that the basis of our health insurance funding policy remains the same for 2024. With this policy, the city can then calculate what the employee contribution rates will be for health insurance.

Other funding policies included in the policy include provisions on such things as dental insurance, opt-out payments, wellness plan and health coverage for part-time employees if they were to qualify under the Patient Protection and Affordable Care Act (PPACA). As a side note, we do have a separate retiree health insurance policy for the retiree contribution (2024 amounts shown with the 2024 retiree health insurance renewal recommendation). For 2024 we recommend that we continue our policy of not requiring a contribution from employees for dental coverage. Additionally, we are not recommending any changes to the funding policies for opt-out payments, wellness plan, PPACA provisions or the separate retiree health policy.

While our team is not recommending changes to our base policies, changes that will need to happen in our health plan offerings for 2024 is that our current high-deductible plan of \$1,500 (single coverage) and \$3,000 (two-person or family) will need to increase to \$1,600/\$3,200 per IRS regulations in order to qualify as a high-deductible plan. Consistent with our

past practice, we are not recommending that we increase the amount contributed into an employee's H.S.A. so those amounts would remain at \$625 (single) and \$1,250 (two-person or family).

The Personnel Committee was presented with these recommendations at their October 24 meeting and they did unanimously support the policy amendments as presented.

23.080 Health/Rx/Dental Funding Policies Amendment

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to approve the amendment to the Funding Policies for Full-Time Employee Health/Rx/Dental Coverage as of January 1, 2024 to appropriately reflect the new high-deductible (H.S.A.) plan minimums of \$1,600/\$3,200 as of January 1, 2024. Motion carried. All voting aye.

Upcoming Events

- **Next Regular ZBPW Board Meeting, Tuesday, December 12, 2023, 3:30 p.m., Water Warehouse Meeting Space.**
- Holiday Power Dollars Certificate Distribution, Thursday, November 23 through Sunday, December 10, 2023 (redemption of certificates through January 31, 2024).
- **Board of Commissioners /Leadership Team Holiday Dinner, Wednesday, December 6, 2023, 6:00 p.m., Salt & Pepper**
- Merry and Bright Holiday Lights Contest – Submissions deadline December 10, 2023, 11:59 p.m.
- Magical Christmas Parade and City Tree Lighting Ceremony, Monday, November 27, 6:15 p.m.

Motion was made and supported that the regular meeting be adjourned at 6:20 p.m. Motion carried. All voting aye.

Pamela Holmes, City Clerk